

na B shares
for dead

Highland games:
new rules, and
the winners
take the land



Everything
must go in
Madame Chiang's
open house sale

Page I

<http://www.FT.com>

Page IV

FT

FINANCIAL TIMES

JANUARY 23 / JANUARY 24 1999

Weekend



Big is out: the
drama is in the
detail at the
Paris shows



**Let there
be white:**
the colour
of panache

Page IX

Page X

US nears truce with Europe over bananas

World Trade Organisation chief proposes peace deal to avert bitter trade war

By Guy de Jonquieres in London and
Frances Williams in Geneva

The US and the European Union appear to be heading for a truce in their dispute over banana imports, after the head of the World Trade Organisation intervened to stop the conflict escalating into a damaging trade war.

Hopes of a settlement rose last night after Renato Ruggiero, WTO director-general, proposed to US and EU ambassadors in Geneva a peace formula intended to avert a US threat of sanctions on \$52bn of European exports from February 1.

"The elements of a compromise are emerging. The parties are engaging in constructive dialogue, and we very much hope for a positive outcome," an official close to the talks said.

Senior officials in Washington and Brussels were expected to decide this weekend whether to back the outline deal. Trade diplomats said it was likely to face

stiff resistance from hawks in both capitals who opposed backing down.

But they said failure to reach a compromise could hurt European exporters and severely damage the WTO, whose 123 members are already deeply split over the conflict.

Fresh divisions emerged yesterday when Japan, India, Indonesia, South Korea and six central European states sided with the US by challenging US plans to seek WTO authorisation for sanctions on Monday.

The initiative was organised by Japan, which is angry about recent US threats to clamp down on its steel exports.

The US insists it is entitled to impose sanctions on the EU because Brussels has not complied with a WTO disputes ruling against its banana regime, which favours imports from former French and British colonies in Africa, the Caribbean and the Pacific.

Although the EU has amended

the regime, Washington says it still discriminates against US distributors of Latin American fruit. But Brussels says the US cannot legally impose sanctions, because the WTO has not ruled against the modified regime.

Mr Ruggiero's plan is understood to call on the US to postpone a decision on sanctions until a recently established WTO disputes panel rules in late March on the EU's banana regime.

The EU would be asked to agree to the panel arbitrating simultaneously on the size of the proposed US measures.

Such a deal would require difficult concessions from both sides. The US is under heavy pressure from Congress to stick to its announced timetable, which calls for sanctions to be in place no later than March 3.

The EU says it will not accept WTO arbitration on sanctions before the panel has ruled on its banana regime, because it considers the planned US measures il-

legal. However, an EU official said it was prepared to consider other procedural steps by the WTO to end the conflict.

The two sides are expected to indicate whether they have agreed a deal on Monday, when the US is due to seek sanctions authorisation from the WTO's disputes settlement body. Under WTO rules, approval is supposed to be automatic unless it is unanimously rejected.

However, Japan, the EU and several other governments have indicated that they may try to block the US demand while disagreements persist over whether it is in line with WTO rules.

Meanwhile, the US rejected an EU request to the WTO's governing general council to thwart the threatened sanctions by asking members to decide how the rules should apply to the banana dispute.

Rita Haynes, US ambassador to the WTO, called the request a cynical attempt by the EU to evade its obligations.



Turning up the heat on President Milosevic: An F/A-18 Hornet preparing to take off on patrol from the USS Enterprise as the giant carrier cruises the Adriatic Sea. Report, Page 3; Man in the News, Page 7

European defence link talks to resume

By Alexander Nicoll and Hugo Dixon
in London and David Owen in Paris

French and British companies are expected to resume talks in the next few weeks on creating a consolidated European aerospace and defence company, in spite of anger at this week's all-British deal between British Aerospace and General Electric Company.

Lagardere, the French conglomerate which is to merge its Matra defence interests with state-owned Aerospatiale, sees Bae's acquisition of GEC's Marconi defence arm as a positive move because it does not marginalise the French.

An adviser to Lagardere said yesterday: "We see the Bae/Marconi deal as a sensible first step, and now we want to have a dialogue on how a European aerospace and defence company can be put together."

There were also indications that France may resume negotiations on restructuring the Airbus civil aircraft consortium into a single company.

Talks were thrown into confusion last month when an argument pitching Aerospatiale against Bae and DaimlerChrysler Aerospace (Dasa) of Germany, over Bae and Dasa's earlier plans for a bilateral merger excluding Aerospatiale, erupted at an Airbus shareholders' meeting in Toulouse. The three companies are the main Airbus partners.

Bae insists it remains committed to integration of the defence industry across Europe.

With the help of an elaborate game theory exercise, Bae calculated that a deal with GEC could break down some of the barriers in the way of cross-border defence deals and would speed the creation of a unified defence industry.

Full story of the war-game exercise, and GEC's high-stakes plan to exit the defence industry, Page 2

Clinton launches \$2.8bn counter-terrorism package

By Richard Woffe in Washington

President Bill Clinton yesterday launched a personal crusade to protect mainland America from computer and biological terrorist attacks in a fresh bid to bolster his authority in the shadow of his impeachment trial.

In a speech yesterday and a rare newspaper interview, he laid out plans for a \$2.8bn package of counter-terrorism measures, as the trial entered a new phase in which senators interrogate the prosecution and defense teams.

Citing recent terrorist bomb-

ings on US embassies in Africa, as well as the Oklahoma City attack on federal offices in 1995, Mr Clinton said: "The enemies of peace realise they cannot defeat us with traditional military means, so they are working on two new forms of assault... cyber-attacks on our critical computer systems and attacks with weapons of mass destruction."

The president said the new funds would be spent on emergency medical teams, research on new vaccines, and improved detection systems to deter computer hackers.

"This is not a cause for panic," he said. "It is a cause for serious, deliberate, disciplined, long-term concern."

His speech and the front-page interview with the New York Times ended an extraordinary week in which Mr Clinton has proposed radical political measures to cleanse his presidency of the stain of impeachment in its last two years.

The president's supporters seemed to gain confidence yesterday in the senate trial.

Tom Daschle, the Democratic leader in the senate, said there

was "increasing optimism" that senators would pass a motion to dismiss the case against the president in a vote on Monday.

Republicans said Mr Daschle was over-optimistic as the motion would require the defection of several Republican senators if it were to succeed.

However, Trent Lott, the Republican leader of the senate, acknowledged there was a need for senators to meet behind closed doors to work out how the trial would proceed.

Some Republican senators have begun to doubt the prosecution

case of perjury against Mr Clinton. Susan Collins of Maine said yesterday: "The president's grand jury testimony is replete with half-truths and evasions. I'm considering whether, despite that, they meet the test under our perjury laws."

George Gekas, one of the Republican managers of the prosecution case against the president, admitted they had not changed the minds of any Senate Democrats. The prosecutors need at least 12 Democrats to vote with the Republicans to convict the president.

Senators began to submit written questions to the two teams of lawyers yesterday as the impeachment trial began to test the legal and factual cases presented by both sides.

The White House earlier rejected a formal request from prosecutors for Mr Clinton to testify before the senate. Henry Hyde, the leader of the Republican legal team, said Mr Clinton was the only person "with knowledge of almost every material fact relevant to the trial".

Beyond perjury, Page 7

News General

Move to dispel Olympics doubts

Australian officials tried to counter a rising tide of scepticism about circumstances leading to Sydney's winning bid to host next year's Games, claiming the 2000 games would rehabilitate the Olympic movement's public image. Page 3; Olympic torch guitars, Page 7

Brazil fights to avoid hyperinflation

The Brazilian government has launched a campaign to prevent companies introducing big price increases in response to the devaluation of the currency. The government is threatening fines of up to R\$3m (\$2m) and public humiliation, as it tries to ward off a return to its high-inflationary past. Page 3

Scientists join quest for eternal youth

Scientists are joining the quest to find the secret of eternal youth. Research into what causes ageing is leading scientists to hold out hope that, perhaps by early in the next century, they might be able to extend the healthy human lifespan substantially. Page 6

HK airport probe clears officials

A long-awaited government inquiry into the shambolic opening of Hong Kong's US\$20bn Chek Lap Kok airport in July largely exonerated senior government officials and said that over-confidence and a lack of co-ordination at the Airport Authority was responsible for the chaos that ensued. Page 4

Brand stretching

Coca-Cola's move into fashion clothing is the latest attempt by a big company to use its name to sell new products. But not all are successful as Walt Disney.

Page 7

News Business

DaimlerChrysler extends talks

DaimlerChrysler confirmed it was in talks on possible co-operation with troubled Japanese carmaker Nissan Motor as well as negotiations on Nissan Diesel, the truck and engine affiliate. Jürgen Schrampp and Robert Eaton, co-chairmen of the German-US group, said no deal had been reached. Page 24

Schrodgers admits breaching Japanese regulations

Schrodgers, the UK financial company, may face Japanese government penalties after admitting it had been in breach of reporting laws in its asset management operations for five years. The company has failed to reveal that it holds stakes of more than 5 per cent in dozens of Japanese companies. By law all equity stakes over 5 per cent must be publicly declared to avoid market manipulation. Page 24

Hughes Electronics to buy Prismstar assets

Hughes Electronics, US satellite television industry leader, agreed to buy the assets of struggling Prismstar in a deal valued at \$1.82bn. The move will cement the position of DirectTV, owned by Hughes, as the main alternative to big cable television networks. Page 24

Worries over Brazilian economy depress markets

European shares were dragged lower by worries about the Brazilian economy and a weak start on Wall Street yesterday. The transnational FTSE Eurotop 300 index fell 2.8 per cent while the DAX in Frankfurt and the CAC 40 in Paris dropped 3 per cent and 3.2 per cent respectively. Investors were worried that the sharp fall in the Brazilian currency would have knock-on effects in the rest of Latin America. Bonds, Page 8; Currencies, Page 9; London stocks, Page 17; World stocks, Pages 20-21

Anglo American to buy back Zambia mines

Anglo American, South African conglomerate, is to buy back for \$30m the Zambian copper mines it used to own until they were nationalised by the Zambian government 30 years ago. Page 23

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Contents

Name	Companies	LSE dealings	21
International News	34	FTM 11-18	
UK News	5	Markets	5
Weather	24	Report issues	17
Lox	24	FTSE & FT World Index	23
Features		Star Information	16,18
Leader Page	5	World commodities	5
Lettuce	5	Gold markets	23
Man in the News	7	FTM 11-18	20,21
	London SE	Equity options	17
		Bourses	20,21
		FT Wheatland	Section 1
			20,21
			20,21

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THE BAE-GEC DEAL

How Project Super Bowl won the day

Hugo Dixon and Alexander Nicoll
reveal how a combination of war games and a high-pressure auction transformed Europe's defence industry

The temperature was dropping fast as Sir Richard Evans clambered aboard the British Aerospace executive jet bound for Stuttgart.

It was December 7 last year, and Sir Richard, the burly chairman of BAE, thought he was closing in on a long-held objective: the creation of a pan-European defence company strong enough to compete with the Americans.

His co-passenger was less sure. Lord Simpson, managing director of the General Electric Company, knew all about the difficulties in negotiating tie-ups in the defence business. After all, BAE and GEC had been conducting on-off merger talks for 15 years, and had yet to tie the knot.

Now Sir Richard was proposing something altogether more ambitious than the creation of a British defence giant. He was contemplating a three-way deal involving BAE, GEC's Marconi defence division, and Germany's DaimlerChrysler Aerospace (Dasa), headed by the formidable Jürgen Schrempp.

Suddenly, an early winter snowstorm forced Sir Richard's plane to divert to Frankfurt. After a hurried phone conversation, the three industrialists agreed to switch their meeting to Munich.

There, Schrempp made clear he would love to do a deal with GEC; but first he wanted to strike his own terms with BAE. At that moment Simpson knew a triangular defence arrangement involving the might of British and German industry was not going to work.

Simpson's goal was less grandiose and more immediate. He wanted to sell Marconi to the highest bidder. He was convinced that, in the complicated multi-dimensional game of restructuring Europe's defence industry, the first mover would capture the richest pickings. Those coming late to the party risked being marginalised.

He was not going to let Schrempp and Evans conclude their deal first. So began a high-pressure auction which led finally this week the creation of the world's third largest defence company: a merger of BAE and Marconi, which left the British government stunned and French and German rivals seething on the sidelines.

GEC's plan for squeezing the maximum value for Marconi was code-named Project Super Bowl.

Hatched by John Mayo, GEC's cocksure finance director, it was an elaborate plan that was self-consciously named after the American football competition, which involves a series of play-offs to determine which teams make the final round the Super Bowl. The image appealed to Mayo's idea of how the global defence industry was going to restructure. But it also reflected his belief that it was vital to keep all the bidders for Marconi on the same timetable. Only then would GEC be able to play one bidder off against another and so leverage up the price.

Furthermore, the 1999 Super Bowl was due to take place in Miami on January 31. In Mayo's mind, this was the deadline by which Marconi's future had to be settled. After all, BAE and Dasa were already in fairly advanced talks. GEC would have to move smartly if it was to seize the initiative.

Mayo took to the task of selling Marconi with glee. A 42-year-old ex-Warburg merchant banker, he revelled in complicated analysis and high-pressure tactics. He had cut his teeth on the demerger of Zeneca, the drugs company, from ICI, and went on to become Zeneca's finance director.

Simpson, for his part, had started changing the cautious head office culture inherited from Lord Weinstock, a legendary figure who had run GEC with an iron grip for 33 years.

With Mayo at his side, Simpson's reforms moved into overdrive. Young Turks more in line with Mayo's way of thinking were brought into key posts such as corporate finance director and treasurer.

Mayo also relied on support from two pals from his merchant banking days: Chris Brodie, who is still at Warburg, and Michael Tury, who has since moved to Morgan Stanley. Together, they were the brains behind Project Super Bowl.

At the start of 1998, Simpson was still set on building up Marconi as the core of his new GEC. But he felt frustrated by other parts of industrial empire inherited from Lord Weinstock - a mish-mash of joint ventures over which GEC did not exercise full control.

For example, Alstom, GEC's power engineering division, was locked in a 50:50 joint venture with France's Alcatel. GPT, its

telecoms arm, was a 60:40 joint venture with Germany's Siemens. Marconi was the only large business Simpson cleanly controlled.

Throughout the first half of 1998, Simpson and Mayo spent much time unravelling these joint enterprises. They spun out Alstom and bought Siemens out of GPT. At the same time, Simpson took the first steps to beef up Marconi. A large joint venture in missiles and electronics was forged with Alenia of Italy. Then Tracor, a Texan defence company, was acquired for \$1.4bn in April.

Just weeks before the Tracor deal was announced, the Pentagon dropped what looked like a very large present in GEC's lap. It blocked the merger of Lockheed-Martin and Northrop Grumman, two of the largest US defence companies, on the grounds that the combination could restrict competition.

Yet by waving through the Tracor transaction, the Pentagon was in effect signalling that - whatever its doubts about further consolidation in the US market - it was still in favour of transatlantic consolidation.

There was a second, unspoken American calculation. After years of talk about consolidation, the leading defence companies in Europe were slowly moving into action. European governments, desperate to reduce the ever-rising costs of military spending, sensed the benefits of a reduction in the number of national champions and the pooling of technology and defence know-how.

The US government was anxious that its own industry was not shut out of any Fortress Europe. So, it was no accident, perhaps, that GEC suddenly discovered that both Lockheed and Northrop were interested in exploring a merger.

Given the huge potential for stripping out duplicated costs, a mega-merger seemed to offer the prospect of greater value-creation than a strategy of building Marconi up piece-meal.

Yet Simpson's radar was picking up the same signals as the Pentagon: European defence consolidation was accelerating. There could be a real chance of doing his own European deal - and the more options he had, the better the terms he could strike.

If two other Europeans linked up first, GEC's options would narrow dramatically. The best option was a rapid-fire auction of Marconi.

What worried Simpson most was Evans. The two had worked closely together when Simpson was chief executive of Rover, the automotive group then owned by BAE. Simpson knew Evans was



Manoeuvring (left to right): BAE's Sir Richard Evans, DaimlerChrysler's Jürgen Schrempp, GEC's Lord Simpson and Thomson-CSF's Denis Ranque

atition of EADC. But Laphorne was still doubtful whether the French and German companies were genuinely prepared to make the difficult compromises necessary to strike a deal.

Roundell had a way of testing Laphorne's hypothesis: game theory, the mathematical analysis of competitive strategies where choices depend on the actions of others.

First, BAE executives fed Roundell's team with a vast amount of information about the various players in the game. Then Roundell's computer simulated negotiations, generating a million pages of raw data - and a trim

By March, Roundell's work was complete. His startling conclusion was that even after ten rounds of negotiation, there was still a stalemate. It simply was not in the interest of Dasa and Aerospatiale to budge enough on key issues - valuation and control. On the other hand, if BAE first did a deal with Marconi, the Cray predicted it could complete its European deal with only four more rounds of negotiation.

BAE presented this conclusion to Misc 5, a UK cabinet committee looking at restructuring of the aerospace industry. But the committee, which brings together representatives from several government departments and Downing Street, was not convinced. In any case, the committee made clear that Tony Blair, the prime minister, was keen for BAE to make a European deal a priority.

Initially, it seemed as if Misc 5 might be right. By July, the Germans, at least, seemed to be moving. John Weston, BAE chief executive, felt he was making progress in his meetings with Manfred Bischoff, Dasa's boss.

The problem with constructing a BAE-Dasa deal was that, although BAE was the bigger company, its shareholding was distributed. Dasa's shares were all held by DaimlerChrysler, the industrial giant created by Schrempp and Robert Eaton, boss of Chrysler, the US carmaker.

Daimler would therefore end up as the largest shareholder of a merged Anglo-German aerospace group. The one tangible concession the Germans were willing to consider was to take some of their stakes as non-voting shares.

Negotiations began in earnest. Laphorne joined BAE's team. Over the next few months, BAE and Dasa executives criss-crossed

Europe. Sometimes they met at Dasa headquarters in Munich; sometimes at English country hotels.

They could then genuinely represent all shareholders equally.

BAE's other big problem was that Mayo's auction was now in full swing. On December 3, announcing its interim results, GEC said it would make a decision about its Marconi strategy "soon". The idea was to put the pressure on the bidders to put their best offers on the table.

At best, it was a gamble. Tony Blair viewed a BAE-Dasa link as complementing his own initiative calling for closer defence co-operation in Europe, and an all-British deal risked undercutting Mr Blair. And, by making a public announcement, Simpson and Mayo had put themselves on the line with shareholders.

Nevertheless, GEC's pressure tactics caught Evans's attention. On the day that GEC put out its statement, Evans flew to see Schrempp in Stuttgart and proposed a three-way deal including Marconi. As a sweetener, he improved the terms he was prepared to offer for Dasa.

Although Schrempp liked Evans's financial proposal, he was not so keen on hurrying a three-way deal. But that did not become fully apparent until the crucial, unscheduled meeting in Munich on December 7 attended by Schrempp, Evans and Simpson, which showed the extent to which all three had separate agendas.

From GEC's viewpoint, Project Super Bowl initially generated serious interest from four companies: BAE, Lockheed and Northrop of the US; and Thomson-CSF of France.

Northrop dropped out fairly rapidly. After the failure of its own merger with Lockheed, it could not risk being left at a second time. The US group insisted on a break-up fee of about \$600m in the event that any deal was blocked. Simpson was not prepared to agree.

The next suitor to turn tail was Lockheed. It felt Mayo was using their presence in the auction to leverage up the price. Although views differ on whether Lockheed was ever a serious bidder, all agreed that after Lockheed's profit warning on December 23 - when its shares fell 11 per cent - a deal became impossible.

Thomson-CSF, though, had long coveted a deal with Marconi. The two companies were very similar, offering huge potential for cost-cutting.

Yet Denis Ranque, Thomson's

new chairman, knew there was no chance of a deal so long as the government remained his largest shareholder with a 40 per cent stake. He therefore persuaded the government to offer two concessions: that it was willing to see its stake fall below 10 per cent; and that it was ready to see the new merged company be listed in London.

Ranque, however, was not a free agent. Standing behind him pulling the strings was Serge Tchuruk, chairman of Alcatel, the French electronics company. Alcatel has a 16 per cent stake in Thomson, and the socialist-led government in Paris had given Tchuruk an informal mandate to take care of its stake too. The government had also agreed to swap part of its stake in Thomson for one of Alcatel's own strategic investments - perhaps its shareholding in Framatome, the nuclear power company.

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Fortunately for Simpson, Evans's negotiations with Schrempp were foundering. The mood was tetchy as the two sides meetings squabbled over issues such as value and control.

The BAE camp also suspected Schrempp had other things on his mind, such as his pursuit of an alliance with Nissan, the Japanese car company. A week before Christmas, Schrempp proposed a break in discussions until after the holiday period, and set off for a vacation in South Africa.

Mayo seized the opening created by Schrempp's absence. On December 22, GEC announced it was going to demerge Marconi. Like the announcement on December 2, this was yet another tactic to ratchet up the pressure on the bidders.

For Evans, this was the critical moment when he would have to

Dec 9 1997: Blair, Chakrabarti, Jenkins and Kohli call on European aerospace and defence companies to unify in the face of competition from US firms.

Dec 7 1998: BAE, Dasa, Marconi, Dassault, Dornier and EADS meet in Munich to discuss three-way BAE/Dasa/Marconi merger. But no progress made.

Dec 22 1998: GEC says it has decided to separate its civil businesses from its aerospace and defence activities - a signal that any offer for Marconi would not have to go through a full merger with GEC, to be followed by a de-merger.

Jan 19 1999: BAE welcomes French move but says still much to do for creation of EADS. BAE/Dasa talks on bilateral merger intensify.

Jan 3 1999: GEC says after "intense discussions" with other defence companies, 37 per cent

of new group, GEC shareholders will have 63 per cent

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WORLD NEWS

Brazil fights to ward off return of hyperinflation

By Geoff Dyer and John Barham
in São Paulo

The Brazilian government has launched a campaign to prevent companies introducing big price increases in response to the devaluation of the currency.

The armoury of weapons the government is threatening to use ranges from fines of up to R\$3m (US\$2m) to public humiliation, as it tries desperately to ward off a return to its high-inflationary past.

Statoil wants end to state ownership

By Valeria Skjeld in Oslo

Statoil, Norway's state-owned oil company, yesterday urged the government to consider releasing its grip on the country's largest enterprise, opening the debate on at least partial privatisation.

The company's directors and top management said they felt the time was ripe for a review of Statoil's ownership structure and the role of the Norwegian state in the oil industry.

The unprecedented public call for privatisation was prompted by increased pressure on Norway's oil and gas industry.

"Given the tough international competition we now face, our long-term ambition must be to ensure that we continue to have companies with their head offices in Norway," said Harald Norvik, Statoil chief executive. "The existing organisation of this sector dates from a time when oil prices were expected to be high and rising, and focused on maximising government revenues."

The call comes amid a general move towards privatisation in Norway, global consolidation in the oil industry and waning profits from continued low oil prices.

The minority centre-led government this week backed a proposed merger and partial privatisation of its telecommunication company Telenor, together with Telia in Sweden, and plans to reduce its stake in the two largest banks, Christiania Bank and Den norske Bank. Statoil is worth Nkr135bn (\$17.2bn).

Mr Norvik declined to speak about potential changes to the government's ownership structure, except to say that the company would be able to retain "strong national ownership" even with an element of private capital. The company also said the government's use of Statoil as an oil policy instrument was at odds with Norway's membership in the European Economic Area.

Norway's oil and energy minister Marit Arnstad opposes privatising Statoil's core business in Norwegian exploration and production. The opposition Conservative party favours a total privatisation that would lead to mergers or acquisitions by Statoil. However, a compromise could emerge where Statoil privatises only its international activities.

Per-Kristian Foss, a conservative member of parliament, said: "The privatisation of Statoil will be tougher to push through than Telenor."

"It's psychological... unlike telecoms, people feel like [oil] is the gold of the country."

Miners' victory sets back reform in Romania

By Joe Cook in Bucharest

Romania's government yesterday caved in to the demands of thousands of striking miners who had been marching towards Bucharest by agreeing to raise their pay by 30 per cent and reopen two pits closed last year.

The move puts an end to a series of violent clashes between miners and riot police that began last Monday when the miners set off for the capital. But it is a potentially devastating setback to the government's flagging efforts to push through market-oriented reforms - including the planned closure of 140 loss-making coal mines, 49 loss-making state enterprises and a five-year plan to restructure the steel industry which would involve the loss of 70,000 jobs.

Romania is moving toward a financial crisis later this year with fears in international financial markets that it could collapse into default.

It has foreign debt service payments of \$2.8bn during 1999, 52% of which falls due by June. Official foreign reserves, excluding gold, stand at \$1.8bn.

A World Bank delegation is in Bucharest to discuss a possible \$500m credit. On Monday an International Monetary Fund team arrives in Romania for talks on a standby agreement.

In the aftermath of this situation there will be elements not supportive of reform who will use it as an opportunity to test the resolve of the government.

The concern in Bucharest now is that workers in other sectors will push for government concessions.

about steep price increases and a group of 20 officials are to monitor inflationary pressures. Under Brazilian law the ministry can fine companies anything between R\$200 and R\$2m for introducing "abusive" price increases.

Eliane Thompson, head of the ministry's economic rights unit, said the government would also publicise instances of companies raising prices. "One of the gains from getting rid of inflation is that consumers now have

a notion of what is expensive and what is cheap," she said.

Embratur, the government's tourism department, said it would monitor airlines and hotels to ensure they did not "dollarise" their prices. Although airlines have not increased their official fares in the last week, travel agents said that they had withdrawn most of the special offers of 50 per cent or more reductions.

Ford and General Motors received a storm of criticism

this week when they announced price rises of up to 11 per cent. GM has since scaled back the increases.

Some critics believe the government is adopting too heavy-handed an approach. "This sort of aggressive rhetoric is very dangerous," said Alexandre Barros, a political analyst. However, Ms Thompson said: "There is no question of us returning to strict price controls."

Josmar Verillo, chief executive of Industrias Klabin,

one of Brazil's largest paper companies, said a company could not carry on without passing on price increases.

"You cannot bankrupt companies by putting the burden on them," he said.

Fears that the currency would continue to weaken pushed share prices in Brazil down 3.3 per cent and the price of the C-Bond, the most liquid Brazilian Brady, 3.7 per cent lower.

European shares were dragged lower by worries about Brazil, with investors

worried that the sharp fall in the Real would have knock-on effects in the rest of Latin America, writes Philip Coggan in London.

The transnational FTSE Eurotop 300 index fell 2.6 per cent while the DAX in Frankfurt and the CAC 40 in Paris dropped 3 per cent and 3.2 per cent respectively.

Brazil also weighed on sentiment at the start of trading on Wall Street, with the Dow Jones Industrial Average off 130.7 at 9,132.29 by 1pm.

Move to dispel doubts on Sydney Olympics

By Gwen Robinson in Sydney

Australian officials attempted yesterday to counter a rising tide of public concern about circumstances leading to Sydney's winning bid to host next year's Olympic Games, claiming the 2000 Games would rehabilitate the Olympic movement's public image.

The International Olympic Committee (IOC) meets today in Lausanne, Switzerland, to consider a report on alleged bribery during Salt Lake City's successful bid for the 2002 Winter Games. Members named in the report may be expelled or forced to resign as a result.

Australian tourism industry leaders have warned the scandal engulfing the IOC could rob the country of the full benefits of hosting the event.

The warning has come just weeks before Sydney's Games organising committee launches its A\$600m ticket marketing programme for the September 2000 Games, and followed a string of awkward disclosures in the Australian media.

Reports this week included details of confidential host city contracts, including agreements by Sydney Games organisers to provide luxury accommodation and chauffeured limousines for all visiting IOC executives. There were also allegations that Sydney Olympics officials found lucrative jobs for the children and relatives of several IOC members and paid for first class travel to Australian resorts for IOC members.

In the case of the Salt Lake City probe, 13 IOC members are reported to be under investigation following accusations that the US city handed out US\$600,000 worth of goods and services to IOC members over a six-year period as they lobbied for the Games.

In a move to counter growing allegations of improper dealings, the Australian Olympic Committee (AOC) on Friday publicised - for the first time - hundreds of pages of documents relating to the bid. The committee up to now has been accused of excessive secrecy.

The documents, which included endorsement contracts outlining the AOC's obligations, contained details of accords to spend about A\$2m on training in Australia for African athletes, most of it conditional on Sydney winning the bid. The documents also showed the AOC made similar but more modest agreements of assistance with the Olympic committees of Argentina and Colombia, and offered luxury accommodation in London for two IOC members.

There was no evidence, however, of the bribes and other improper actions allegedly offered by other Olympic bid committees, including Salt Lake City.

Sydney has managed to evade the brunt of the scandal, which has led to two resignations, the latest coming yesterday when Bashir Mohamed Attarabuji of Libya handed his personally to IOC president Juan Antonio Samaranch.

The IOC scandal has triggered close scrutiny in Australia not only of the winning Olympic bid but also of earlier bids by Adelaide and Melbourne for the 1988 and 2000 Commonwealth Games.



Kosovo Liberation Army guerrillas make their way back to their positions after training yesterday. © mew Reuters

Contact Group to push plan for peace conference on Kosovo

By David Buchanan,
Diplomatic Editor

The six-nation Contact Group on Kosovo yesterday agreed to try to push President Slobodan Milosevic and ethnic Albanian separatists towards a peace conference to settle the crisis that has brought Nato back to the brink of military confrontation with Yugoslavia.

The negotiations followed President Emile Constantinescu's pledge to declare a state of emergency, made in a live television broadcast yesterday morning, if the miners did not return to their Jiu Valley region, 370km north-west of Bucharest.

It is understood that heavily armed troops had been deployed to support thousands of riot police at a massive roadblock 30km south of Rimnicu Vilcea in the event that negotiations failed and the miners resumed their violent advance towards Bucharest.

But as the western diplomat said: "The government was clearly uncomfortable about calling in the military to take on civilians."

The concern in Bucharest now is that workers in other sectors will push for government concessions.

negotiate a deal on the basis of this plan.

After meeting in London, Contact Group officials said they "set the goal of early negotiations on a political settlement with direct international involvement".

Notwithstanding Yugoslavia's suspension of its expulsion of William Walker, the chief international monitor in Kosovo, the Contact Group reiterated other demands that Mr Milosevic allow international investigation of the recent killings in Racak, and reduce the level of his forces in Kosovo to the level agreed with Nato last October.

But the Contact Group let Nato's military build-up in

Italy and the Adriatic speak for itself as pressure on Mr Milosevic, and yesterday focused more on ways of bringing the Kosovo Albanians to the bargaining table.

The senior UK official who chaired yesterday's meeting said the group's mediators - Chris Hill of the US and Wolfgang Petritsch of the EU - would "fine-tune" their interim Kosovo autonomy plan, and intensify pressure on the warring parties to participate in peace talks.

The Hill-Petritsch plan is intentionally ambiguous on whether Kosovo should stay tied to the republic of Serbia - as Serbs insist but Albanians resist - and on how

comprehensive a review there would be of any interim deal after three to five years.

The threat of Nato bombing Yugoslavia into political concessions thus appears to have been put on hold until Contact Group ministers meet next week, even though alliance members continue their preparations yesterday. France said it was dispatching an aircraft carrier to the Adriatic on Monday, while Britain, Germany, Norway, Belgium and the Netherlands said they were sending more aircraft to join a possible strike force in peace talks.

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Man in The News, Page 7

Rebel faction to break Le Pen grip on Front

By Robert Graham in Paris

Jean-Marie Le Pen's long-standing dictatorial control of France's extreme right-wing National Front will be broken this weekend by a rebel party congress held near Marseilles.

The congress, organised by Bruno Mégré, one-time anointed heir of the 70-year-old Mr Le Pen, will form a rival party competing for a 15 per cent of the national vote held by the Front.

Commentators said most of the Front's organisers and younger activists were likely to join 49-year-old Mr Mégré, but they doubted that this uncharismatic former civil servant would steal the bulk of the party's grassroots support from Mr Le Pen.

In contrast to such bumptious, Mr Mégré has concentrated on organisation among the 42,000 paid-up members of the National Front. Before Christmas he gathered 14,000 signatures, almost double the legal mini-

mum, to enable him to call the congress. However, these could not be deposited as required by party statutes at the Front's headquarters because Mr Le Pen ordered the doors to be kept closed.

However, legal action by Mr Le Pen to prevent the Front's name and logo being used for the congress was turned down this month by a Paris court. As a result Mr Mégré can propose himself before 2,500 delegates as the new leader of the Front on a platform of policies apparently little different from that of Mr Le Pen. He also has a good chance of keeping the name and logo.

Mr Le Pen is sticking by his belief that "there is only one number - Number One - and that is me". He has never tolerated dissent and has run the party with an iron hand. He should be comforted by a Paris Match opinion poll which gave him twice as much support as Mr Mégré among National Front voters.

It would also underline the increasing role in the elections of former army chiefs, with Ehud Barak heading the Labour party and Amnon Lipkin-Shahak leading the centrist party.

The possibility that Mr Mégré might quit Likud arose yesterday when he missed a deadline to put his name forward for a place on the party's list of parliamentary candidates.

Key Netanyahu backer may join centre party

By Judy Dempsey in Jerusalem

Yitzhak Mordechai, Israel's defence minister, yesterday fuelled speculation he would leave Benjamin Netanyahu's governing Likud party to join a new centrist party.

His defection would be a blow to Mr Netanyahu's attempt to be re-elected in May. The prime minister owed much of his success in the 1996 election to Mr Mordechai, a popular politician who has often been at odds with Mr Netanyahu's tough policies towards the Palestinians.

It would also underline the increasing role in the elections of former army chiefs, with Ehud Barak heading the Labour party and Amnon Lipkin-Shahak leading the centrist party.

The possibility that Mr Mordechai might quit Likud arose yesterday when he missed a deadline to put his name forward for a place on the party's list of parliamentary candidates.

However, Mr Mordechai said he was still a Likud member, adding he would inform Mr Netanyahu of his final decision next week.

Mr Mordechai wants Mr Netanyahu to remain in Likud. Polls show the former major-general is trusted on security matters - the main election issue. Having been born in Iraqi Kurdistan, he has strong support among Sephardic - or Oriental - Jews, the party's main constituency.

Likud officials said Mr Netanyahu had not yet made Mr Mordechai an attractive enough offer, failing to guarantee him the defence ministry - the job he was first offered in 1996 to join Likud.

Centrist party officials, on the other hand, said they had offered Mr Lipkin-Shahak the defence ministry, assuming the party did well enough in the elections. A Gallup poll for the Maariv newspaper yesterday showed Mr Lipkin-Shahak would beat Mr Netanyahu in a straight contest.

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The incoming government will have to cope with Nigeria's worst economic crisis since independence in 1960. Oil prices are at a 12-year low. Service arrears on external debt are mounting at the rate of \$1bn annually and the economy has been disrupted by three decades of corrupt and incompetent military rule. Nearly two thirds of the debt is owed to the Paris Club group of official creditors.

Nigerian officials have already begun the process of seeking a sympathetic response to rescheduling, arguing that without debt relief the civilian administration could be overwhelmed by economic problems.

Should the agreement be struck and then followed through by civilians, the short-term benefits will be modest. The first tranche is unlikely to be more than \$300m - less than half Nigeria's annual service payments to the World Bank and other multilateral lenders.

IMF TALKS BOTH SIDES ARE ANXIOUS AN ACCORD SHOULD BE IN PLACE WELL BEFORE THE PRESIDENTIAL ELECTIONS AT THE END OF FEBRUARY

Nigeria near to agreement on \$1bn loan package

By Michael Hofman and

Tony Hawkins in Lagos

Nigeria's military government is close to an agreement with the International Monetary Fund intended to pave the way to an estimated \$1bn loan by the end of the year.

Officials taking part in talks in Abuja, the Nigerian capital, yesterday said an accord with the IMF, monitoring

INTERNATIONAL

OPENING DISASTERS FLIGHT DELAYS, CARGO HANDLING BREAKDOWN AND THOUSANDS OF PIECES OF LUGGAGE LOST

HK airport probe clears officials

By Rahul Jacob in Hong Kong

A long-awaited government inquiry into the shambolic opening of Hong Kong's US\$20bn airport in July yesterday largely exonerated senior government officials and said over-confidence and a lack of co-ordination at the Airport Authority was responsible for the chaos that ensued.

Chek Lap Kok's opening on July 6 badly blotted Hong Kong's record of efficiency when its first few days were characterised by long flight delays and thousands of

pieces of luggage going astray. Legislators denounced it as a national disgrace.

A complete cargo handling breakdown led to Hong Kong Air Cargo Terminals (HACTL) moving back to the old airport. The botched opening is estimated to have cost the city US\$600m.

Yesterday's report savages Henry Townsend, the Airport Authority's chief executive, who retired in November. He is accused of misleading the steering committee that oversaw the new airport about the readiness

and reliability of the flight information display systems that were responsible for much of the chaos in the passenger terminal.

The software for the systems was built by Electronic Data Systems, which also received a rap on the knuckles.

The report criticises HACTL and the Airport Authority for not seeking a postponement of the opening date. A two-month delay, it maintains, would have resulted in a largely trouble-free start. Instead, "everybody was working diligently but

blindly" to the July 6 starting date.

Some observers pinned the ultimate responsibility for the confusion on the steering committee that monitored the airport project, but it got off lightly.

"The people who knew the airport was not ready were not asked. Everybody assumed someone else was responsible for calling a halt to it," said Peter Lok, a former head of Hong Kong's civil aviation department.

The steering committee was headed by Hong Kong's top civil servant, Anson Chan. Yesterday she described the experience as the most difficult of her career: "If I ever had to do it again, I would ask more searching questions."

HACTL this week said efficiency standards at its cargo operations were comparable to those attained at the old airport, but attributed about half of the 6 per cent drop in Hong Kong's air cargo for 1998 to its problems at the new airport.

Hong Kong's legislature releases its own report on the airport's opening next week.

MARKETING HYPER COMMERCIAL SPONSORS OF THE PAPAL VISIT ARE TAKING EVERY ADVANTAGE OF THE OPPORTUNITY

Mexico City sells hard with the Pope

By Henry Trick in Mexico City

There was no Pepsi-Cola welcome mat waiting for John Paul II in Mexico City yesterday, but some people in the Mexican capital would not have been surprised if there had been.

The hysteria surrounding the marketing of the pontiff's fourth visit to Mexico has left the country - and its wry comedians - braced for the worst.

The Pope was bringing an end-of-millennium message of solidarity to a divided continent, offering solace in the face of a growing rich-poor divide and pressing issues such as debt forgiveness for some of Latin America's poorest nations.

But the Pope, who has long preached the evils of consumerism, may find his message has been blunted by the hard sell.

The church in Mexico is bitterly divided after its conservative leaders invited 25 top companies - such as General Motors, PepsiCo and Hewlett Packard - to foot the \$2m bill for the papal visit.

Those who contributed as the sacred mitre was passed round have been designated "official collaborators", thanked publicly on television by Archbishop Norberto Rivera of Mexico City and given free rein to publicise their munificence.

Critics say the unprecedented hype has brought a whiff of hypocrisy to a church that has grown increasingly outspoken about the hardships endured by poor Mexicans.

"There is a paradox here. On the one hand you have an anti-poverty message. On the other you have large



A family waits outside a Mexico City supermarket next to a poster advertising 3-D images of the Pope for sale

multiplications behaving as if Michael Jackson was coming to town," says Emilio Alvarez, director of Cencos, a Roman Catholic think-tank.

Throughout a winter of economic slowdown and rising inflation in Mexico, John Paul has, literally, been packaged in polythene for retail pleasure.

Sabritas, the Pepsi-owned maker of Mexico's best-loved potato crisps, has put glossy papal pictures in its packets of ready salted.

Servicio Pan American Protection, whose tank-like security trucks sit menacingly at banks across Mexico, admits in a full-page

magazine advertisement: "We are still not angels."

But it is the "official transporter" of silver papal medallions, which entitles it to a coveted place on the publicity bandwagon.

Mexico's two private television broadcasters have gone head to head to win the ratings battle, bombarding viewers with testimony of their religious fervour.

The enthusiasm of Bimbo, the Mexican bakery, to advertise the papal message "A Millennium is Born. Let's Reaffirm Faith", evidently knows no bounds. One of its billboards is on the back of another selling Trojan Condoms - not a sponsor.

Whether Mexicans need such enticements to catch Pope fever is unlikely. One in 10 of the world's Roman Catholics live here, and since John Paul honoured Mexico by making it his first destination in the Americas in 1979 shortly after he was elected, it has earned the papal title of "Forever Faithful".

There is, indeed, an almost ecstatic sense of gratitude that the pontiff should choose Mexico City for what possibly could be his final pilgrimage. Younger visitors than the ailing 78-year-old are warned by doctors to stay away, because of the city's 7,300-ft altitude and choking pollution.

During his four-day stay, before flying to St Louis, Missouri, on Tuesday, John Paul will hold religious ceremonies for more than 1m worshippers, meet President Ernesto Zedillo and give Popemobile greetings to an estimated 5m expected to line the streets to see him.

His schedule is limited to ease exhaustion, and at least he will not be subjected to traffic stress. Mexico City's unsavoury highway patrol force has launched a "Good Shepherd" campaign this weekend to keep him and the rest of the city's motorists out of harm's way.

Microsoft executive assails government case

By Richard Wolfe in Washington

derided as "monopoly", he said.

He warned that if the court ruled that computer makers could choose to install different parts of Windows, the lawsuit would destroy the compatibility of computers across the industry.

Mr Maritz is at the heart of the case brought by the US Justice Department and 19 states. His name has appeared frequently in the three-month-old trial in a series of e-mails which allegedly show Microsoft's efforts to intimidate software companies and computer makers.

But Mr Maritz insists in his written evidence that the allegations of bullying are unfounded. In particular, he denies accusations of an Intel executive that Microsoft successfully forced the world's largest chipmaker to drop its work on internet software.

But Mr Maritz flatly rejected a central allegation by Netscape that Microsoft sought to carve up the market for internet software in a June 1995 meeting between the two companies.

The company's aggressive strategy for its internet browsing software represents the foundation of the government's case that Microsoft abused its monopoly market power to crush its internet rival, Netscape Communications.

But Mr Maritz flatly rejected a central allegation by Netscape that Microsoft sought to carve up the market for internet software in a June 1995 meeting between the two companies.

What followed was a torrent of criticism of IMF policies - and of the Thai government, which is seen as a faithful adherent to those policies. The prime minister, Chuan Leekpai, without having seen the report, was forced to admit that the IMF did indeed make mistakes, while at the same defending his government's IMF-friendly position.

The opposition - whose leaders had invited the IMF to Thailand and erratically followed the Fund down the misguided initial path - had a field day and was handed more ammunition for next week's censure debate.

Yesterday the IMF Asia-Pacific director, Hubert Neiss, finally appeared in Bangkok for some damage control. While admitting it was "understandable" that there was public opposition to the Fund's policy programme because the economy had yet to recover, he argued that the programme "is working and it is showing results".

There had been a restoration of financial and foreign exchange stability, Mr Neiss said, but on the resumption of economic growth "the jury is still out".

Achieving the projection of 1 per cent gross domestic product growth this year depended on structural reform, he added, "and structural reform is a difficult process and difficult politically".

Barbados plans to replace Queen as head of state

By Caron James in Kingston

Barbados is to change its constitution and become a republic, replacing the Queen of England with a Barbadian president as head of state, according to senior government officials. The change will be made "over the next three years", they said yesterday.

The end to the monarchial system in the Caribbean island of 260,000 people was forecast by Owen Arthur, the prime minister, during campaigning for a general election on Wednesday in which his Labour party was returned in a landslide.

Mr Arthur, a 48-year-old economist, was sworn in on Thursday for a second consecutive five-year term, after Labour won 28 of the 28 seats. The other seats were won by the Democratic Labour party.

Barbadians would vote in a referendum on the constitutional change and, if it was approved, a Barbadian president would become the island's head of state, the officials said. However, the island would remain a member of the Commonwealth.

The removal of the Queen as head of state is being supported by the political opposition. David Thompson, Democratic Labour leader, says he is also in favour of the change to a republican constitution.

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NEWS DIGEST

VIOLENCE ON INDONESIAN ISLAND

Moslem-Christian fighting leaves 43 dead

Moslem-Christian fighting killed at least 43 people in Indonesia yesterday. Forty mostly American and British Bible translators flew into the northern Australian city of Darwin, saying the violence on the island of Ambon, 2,300km east of Jakarta, had made it too dangerous to stay.

"There was rioting, there was burning, there was looting. People died," one told Australian Broadcasting Corp television.

In Jakarta, President BJ Habibie pleaded for unity. "It is very important to keep unity in this reform era," he told reporters. "We must not fall into the trap of rumours that could pit one race, religion and ethnic group against another."

Several mosques and churches and almost 100 homes were torched in Ambon and neighbouring islands in the Moluccas after fighting began when a drunken man tried to extort money from a bus driver. Reuters, Jakarta

GERMAN METAL WORKERS

Engineering strike looms

German industry drew closer to a showdown with trade unions yesterday after the nation's largest union, IG Metall, rejected a pay offer from employers representing the metal and engineering sector. The employers' association Gesamtmetall offered workers a 2 per cent annual pay rise, plus up to 0.5 per cent in one-off benefits. But IG Metall, which represents 3.4m employees, dismissed the offer as "completely unrealistic" and "unacceptable" after weeks of losses in real wages.

IG Metall wants a 6.5 per cent wage increase this year and has threatened to stage warning strikes and demonstrations if it does not receive what it considers a satisfactory offer by next Thursday. German pay settlements are important for the euro-zone economy because the European Central Bank has indicated it is unlikely to cut interest rates if it judges that wages, in Germany and elsewhere, are rising too fast. Germany accounts for more than one-third of euro-zone economic output.

Tony Barber, Frankfurt

SWEDEN AND EURO

Single currency timetable

Urban Bäckström, the governor of Sweden's Central Bank, yesterday outlined a tentative timetable for Swedish participation in the European single currency. Mr Bäckström said signs of a shift in political sentiment towards Euro indicated a decision on Swedish membership may be made sooner than expected.

He said senior politicians had made clear it would be preferable if Sweden held an EU referendum before it assumed the EU presidency in 2001. A referendum date could be agreed at a congress of the ruling Social Democratic party early next year.

"Assuming that the political decision-making process does unfold in the course of next year," said Mr Bäckström, "the most realistic timetable given the practical preparations would seem to point to Sweden's participation from January 1 2002." Sweden, along with the UK, Denmark and Greece, has abstained from the first wave of monetary union. Tim Burt, Stockholm

US ELECTION

Quayle to run as president

Former vice-president Dan Quayle will take the first step next week towards seeking the Republican presidential candidacy in 2000. He promised a conservative group yesterday "a choice worth fighting for".

"Very soon I will be making a final decision about my political future," he told the Conservative Political Action Conference in the Washington suburb of Arlington. "Here among friends, I can say I have been encouraged to run for president of the United States." Mr Quayle promised "an agenda of vision and a choice worth fighting for".

Barbados will become the third Commonwealth country in the region to adopt a republican constitution. Guyana and Trinidad and Tobago are republics within the Commonwealth.

Guyana has an executive presidency while Trinidad and Tobago's is ceremonial.

A referendum to be held in Jamaica within 18 months is widely expected to approve a change from the monarchial to a presidential constitution, with a ceremonial president.

This is a situation where they are going to continue to charge us for things that we've done that, as I've mentioned before, are all constitutionally guaranteed," said Mr Chee. It was the second time this month he has been charged under the Public Entertainment Act. The offence carries a maximum fine of \$85,000 (US\$3,000). A fine of more than \$32,000 would bar him from running for parliament for five years. Reuters, Singapore

PAKISTAN ECONOMY

World Bank to lend \$350m

The World Bank is to lend Pakistan \$350m through a structural adjustment loan designed to help improve government management of banking, tax administration, public utilities and public spending. The loan follows last week's agreement by the International Monetary Fund to resume a loan programme broken off after last year's nuclear tests.

Among the targets agreed with the World Bank are the establishment of independent regulatory authorities for gas and electricity, and the revamping of the tax authority with the aim of increasing the number of individual income tax payers and the collection of Rs3bn (\$60m) in tax arrears.

Peter Montagnon, Asia Editor, in London

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These countries that have ratified will decide next month whether and when to bring the accord into effect, but trade officials said there was a strong desire to stick to the original date of March 1 while giving laggards some extra time for ratification. Frances Williams, Geneva

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BRITAIN

ECONOMY OUTLOOK REMAINS UNCERTAIN WITH THE SLOWEST EXPANSION SINCE 1992 AND FALLING OUTPUT IN MANUFACTURING

Growth data fuels hopes of avoiding recession

By Robert Chote,
Economics Editor

Hopes that the UK economy might achieve an elusive "soft landing" and avoid recession were buoyed yesterday by official figures showing that it grew unexpectedly strongly in the final three months of 1998 - albeit at its slowest rate for six and a half years.

But the figures leave the outlook uncertain. Though

the resilient service sector kept the economy growing, analysts believe it will continue to flirt with recession over the next few months.

The more pessimistic observers expect national output to shrink through the first half of this year, as companies try to shed excess stocks of unsold goods. Recent aggressive interest rate cuts by the Bank of England, the UK central bank, are expected to revive

growth later in the year. Yesterday's figures, though, raised hopes that the economy could sustain positive growth throughout the year. Adjusting for normal seasonal patterns, national output grew by 0.2 per cent in the fourth quarter, according to the government's Office for National Statistics. City of London forecasts centred on a 0.1 per cent increase, although some analysts feared the economy

was shrinking already. "While this estimate may ultimately be revised down, these data constitute the strongest evidence yet that will be avoided," said Richard Iley, UK economist at ABN-Amro.

The pound bounced higher on the news of the stronger-than-expected growth. But investors remain confident that the Bank of England's monetary policy committee will continue cutting interest rates in coming months.

Futures contracts suggest they will fall another half point from their current 6 per cent by March.

The latest figures reveal that the economy grew by 2.5 per cent in 1998 as a whole, down from 3.5 per cent in 1997. The latest forecasts by independent economists point to 0.7 per cent growth this year, which could still incorporate a "technical" recession - out-

put falling for at least two consecutive quarters.

The ONS said that manufacturers already appeared to be in a technical recession, with factory production falling sharply in the fourth quarter following a 0.1 per cent drop in the third. Manufacturers, who contribute a little over a fifth of Britain's economic output, have been hampered in world markets by the strength of sterling.

The strongest driver of

growth remained the service sector, which contributes two-thirds of economic output and which expanded by 0.6 per cent in the fourth quarter. This was the slowest growth in services since the second quarter of 1995.

Financial and business services continued growing by a little under 1 per cent a quarter, with the business sector outstripping finance. There was also moderate growth in "other services".

Financial grounds 'used to ration Viagra'

By Nicholas Timmins,
Public Policy Editor

Financial rather than clinical grounds were used to choose categories of patient entitled to free Viagra from the state health service, it emerged yesterday.

The British Medical Association, the family doctors' group, and Pfizer, the drug's manufacturer, reacted angrily.

"It is clear that clinical need had nothing to do with this decision. It has been driven entirely by expenditure," Pfizer said. The categories chosen were "completely arbitrary".

Those who will qualify include diabetics, men whose prostate has been surgically removed, multiple sclerosis sufferers and those with spinal injuries.

But men undergoing radiotherapy or suffering from kidney disease, depression and circulatory conditions will not be eligible. Pfizer says the criteria exclude about 85 per cent of patients who could clinically benefit.

Health service expenditure on impotence is around £12m (£19.8m) a year.

"It has been a difficult decision, and there has been a wish to keep expenditure at the same level that it currently is."

"These are the groups that have been decided upon. It is now out for consultation," the health department said.

"If the British Medical Association and other organisations can come up with something different which keeps expenditure at the same sort of level, then we will be only too willing to look at it."

Doctors immediately attacked the list as illogical when it was released by Frank Dobson, chief health minister, on Thursday.

Dr John Chisholm, chairman of the BMA's family doctor's committee, said the statement confirmed the list was arbitrary, designed simply to fit the financial limits. "This is rationing by cause of impotence with no sense behind it at all."

It would have been more logical to ban Viagra entirely on the NHS, Dr Chisholm said.

Pinochet supporters send plea for freedom on a postcard

An unofficial ideological alliance is lobbying UK opinion makers in defence of the ex-Chilean dictator, writes Jimmy Burns

Postcards in defence of General Augusto Pinochet demanding his speedy return to Chile were on their way yesterday to selected "opinion makers" in the UK.

The batch, from a total of 5,000, form part of a sustained campaign in defence of the former dictator's release from the Anglo-Spanish extradition proceedings on which law lords in the House of Lords, the unelected second chamber acting as the highest court, is expected to rule within the next two weeks.

The campaign has forged an unofficial alliance between rightwing Chileans, drawn mainly from the business sector, and supporters of Baroness Thatcher, former Conservative prime minister. The postcards, the text of which are available on the internet, are the initiative of a lobby group

called the Chilean Reconciliation Group formed soon after General Pinochet's arrest last October.

The group's co-ordinator is Raul Barros, a 41-year-old Chilean law professor who admires what he claims is General Pinochet's contribution to the "reconciliation process" in his country.

"We don't want the British political agenda to be confused with problems of our ex-president," Mr Barros said. "There is no British or foreign person involved in our campaign - it is exclusively Chilean."

Those who have contributed an estimated £10,000 (\$33,000) so far to the group are his fellow countrymen, whose identities he will not reveal. Mr Barros has recruited Bell Pottinger, the public relations firm whose chairman Sir Tim Bell was knighted for his services to Europe - with a sense of

pride. The launch of his pamphlet in defence of the general, "A Tale of Two Chileans: Pinochet and Allende", earlier this week gathered together pro-Pinochet Chileans, rightwing Tories and former members of the extinct Referendum party - set up by the late Sir James Goldsmith to demand a referendum on the UK's role in Europe - with a sense of

common ideological purpose.

She is someone who believes that war is important in the life and death of a nation," he said.

Mr Harris, 46, was a student at the time of the Pinochet coup, and has never visited Chile.

But the launch of his pamphlet in defence of the general, "A Tale of Two Chileans: Pinochet and Allende", earlier this week gathered together pro-Pinochet Chileans, rightwing Tories and former members of the extinct Referendum party - set up by the late Sir James Goldsmith to demand a referendum on the UK's role in Europe - with a sense of common ideological purpose.

Those present at the launch included Lord Lamont, a former Tory chancellor, and Sir Ray Whitney, a former Foreign Office minister.

A print run of 5,000 copies of the pamphlet is being financed by Chilean Supporters Abroad - another lobby group consisting of non-Chileans who Mr Harris



Lord Lamont speaking at the launch of the pamphlet arguing for the release of General Pinochet, the former Chilean dictator PA

says are furious at the way General Pinochet is being treated.

Lady Thatcher has praised the "excellent" pamphlet, which describes human rights violations in Chile as "the inevitable price paid when order in society is broken by civil war".

Mr Harris claims the general has been arrested in

circumstances that would do credit to the secret police of a communist state".

The former Chilean head of state is currently being held in a £10,000-a-month rented home near London, having declared that he is answerable only to God and the Chileans, and "I can stand honourably in front of both".

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COMMENT & ANALYSIS

FINANCIAL TIMES

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Saturday January 23 1999

A path through recession

Down at the Dog and Duck, there is little talk of recession these days. Until yesterday, at least, they were all counting their fantasy gains from the UK stock market. And even Friday's 2.6 per cent fall was shrugged off quickly.

It was, after all, caused by nervousness about the state of Brazil, a country about which those in the saloon bar knew little until a few weeks ago.

Prices are still 38 per cent up on a year ago. And even after Friday's jitters, the FTSE 100 remains only 5 per cent below its all-time high in June.

Markets, of course, do not always read the economy aright. But the latest minutes from the Bank of England's monetary policy committee, published this week, sounded a cautious retreat from pessimism. At its meeting this month, the committee agreed deiphically that "Overall, the situation in the major industrial countries was not obviously worse than a month ago, but was no better than expected." The daily dosage of bad news from Japan, weakening industrial confidence in the euro-zone and growing uncertainties surrounding the US economy make it hard to be more positive. But at least the talk of financial meltdown remains subdued.

Asian crisis

Translating these global prospects into a likely path for the UK economy remains unusually difficult – even in the Dog and Duck, where views are plentiful and strong. Yesterday's preliminary figures for gross domestic product in the fourth quarter provided the latest clue. They showed a marked slowing down of activity, with output in the last three months of the year only 0.2 per cent higher than in the previous quarter. So far, probably, so good. Some deceleration was inevitable and desirable, if the UK economy was to avoid hitting the inflationary buffers once again.

The annual growth rate of 4 per cent in the fourth quarter of 1997 was unsustainable. The service sector was then growing at more than 5 per cent and a tightening labour market was stimulating wage settlements.

The Bank's progressive ratcheting up of interest rates from 6 per cent in May 1997 to a peak of 7.5 per cent last June was intended to reduce growth to a long-term sustainable rate of something more than 2 per cent.

As things turned out, the Asian crisis did part of the Bank's job and the monetary policy committee went rapidly into reverse.

returning its rate to the starting place by the beginning of this month. As the minutes show, some members would have liked to move even faster, but they feared the markets would be unsettled.

It is clear that official rates must come down further, although the timing is less obvious. One reason to expect a fall is that world inflation and UK inflationary expectations continue to weaken. Raw materials prices are declining while manufacturers' output prices are flat. These trends are helped by the continued strength of sterling, which is 8 per cent above its level against euro-currencies since last spring.

Falling real yields

With lower inflation, UK rates seem high in real terms, while the need for a strong anti-inflation strategy is diminished. In the immediate future, UK headline inflation is likely to fall from the December annual rate of 2.6 per cent to perhaps as little as 1 per cent, according to some analysts, as a result of lower mortgage interest rates.

While all in the Dog and Duck will raise their glasses to lower inflation, the change may also result in a decline in wage settlements from the annual 3.4 per cent rate recorded in November.

In addition, official interest rates must be considered against generally falling real yields. UK indexed linked yields are now down below 2 per cent for the first time since 1981. And UK 10-year gilt yields at a little above 4 per cent are now 34 percentage points below their level two years ago.

For all these reasons, the Bank of England's rate may be expected to move towards a "neutral" figure of about 5 per cent. But when? Having achieved the desired slowdown, should it wait to see what happens to the real economy, or move lower to preempt the remaining possibilities of recession?

The consensus of outside forecasters, published by the Treasury yesterday, suggests growth will be only about 4 per cent this year, picking up to a little under 2 per cent in 2000. That might feel like recession, but it would be a relatively smooth glide path back to non-inflationary growth if it happened. But forecasters and continental industrialists continue to become gloomier.

The Bank should therefore be prepared to cut some more while inflation is low. If it is proved wrong, it will have time enough to raise them again. Most will say cheers to that.

LETTERS TO THE EDITOR

Loud boos to the greens...

From Mr K. H. Holland.

Sir, Three cheers for Geoffrey Hollis ("How 'green' are our veg?", January 16-17). It is time someone sensible pointed to the fallacies behind the childish screams of the environmentalists. Tell him, please, that he is not alone in his views. The point that we are, statistically, living longer, healthier lives than heretofore contradicts the completely arrogant nonsense of the organic lobby.

A pedestrian worry for us all must be that the costs of non-organic supplies will increase – by an immutable law of business – under cover of the much higher costs of the vaunted (often inferior quality) organic foodstuffs. That inevitable process has probably already begun – three loud "boos" for the environmentalists.

K. H. Holland,
Sea Whims,
Trench Point,
Campbeltown, Argyll, UK

... and hurrah

From Mrs O. P. Green.

Sir, Geoffrey Hollis has totally, and regrettably, ignored the other side of the organic argument: the powerful and proven effect of pesticides on the environment. I am more concerned with these aspects of the case than on the possibility of incidental damage to myself.

O. P. Green,
Well House,
26 Sussex Road,
Southsea, Hants, UK

Stock splits only confuse investors

From Mr Jon Livesey.

Sir, Richard Waters is correct to point to the absurd pricing awarded by the stock market to companies such as Yahoo! ("Bubble.com", January 16-17). But there is a factor in this that he does not mention: splits. In the last six months Yahoo! has split twice, and even a more well-established company such as Microsoft has split twice in the last year.

The oft-quoted reason for splits is to bring the price of a stock down to a level where small investors will buy it, but with Yahoo! above \$300 and small investors piling in droves, this

seems hardly credible. The actual effect of splits is to confuse every investor, large or small, about the real price history of a stock. To make a valid comparison of today's price with the price of Microsoft or Yahoo! that he remembers from last year, an investor has to be aware of the split history of the stock, and be capable of performing the sometimes complex arithmetic needed to derive today's true price.

For example, if a stock was \$10 a year ago and \$30 today, it looks as though it has gone up by a "mere" five times. But if it has split two-for-one, then today's price is actually 10 times – and if

it has split twice, 20 times – that of last year.

The consequent effect of splits is to make stock prices seem more plausible, but in a highly misleading way. This is especially important for retail investors, who often do not research, or are unaware of the significance of the other factors that your columnist does mention – total valuation and earnings – and so concentrate on price and pricing history to the exclusion of all else.

Jon Livesey,
830 San Lucas Avenue,
Mountain View, CA 94033, US

Wanted: aggression and imagination

From Dr Sheetal K. Chand.

Sir, The report just released by the International Monetary Fund on the Asian economic crisis is a good beginning at transparency that should stimulate informed debate.

Stephen Fidler's review ("IMF denies harsh policies", January 20) notes that the IMF, together with others, greatly underestimated the recessionary outcomes, but now considers that, if anything, monetary policies should have been tightened even more.

He contrasts this with the view of Joseph Stiglitz, chief economist of the World Bank, that it was the tightening in monetary policies that aggravated the economic crises.

The conflicting viewpoints both have merit. They indicate how difficult it now is to formulate

polices in a fast-changing globalised world. On the one hand, growth in the Asian economies is heavily dependent on a high domestic rate of investment financed through bank intermediation. A liquidity crisis that is aggravated by monetary tightening would wreak havoc on investment rates and growth.

On the other hand, in so far as the liquidity crisis is prompted by a capital outflow occasioned by perceptions of an unsustainable exchange rate, freezing the latter and raising interest rates should eventually help restrain the outflow, with recession in the meantime.

Avoiding the dilemma that would result requires both addressing immediately the domestic liquidity crises and restoring confidence in the currency. Since interest rates cannot

be moved simultaneously in the required opposite directions, a temporising wedge is needed. This could involve encouragement to domestic investment, such as tax concessions or other subsidies if monetary tightening is selected.

Alternatively, if monetary easing is employed, inducements should be provided to prevent an outflow of capital ranging from the less desirable confiscatory controls to the payment of subsidies.

In both instances (and assuming the freeing of the exchange rate), an aggressive, imaginative use of fiscal instruments is warranted.

Sheetal K. Chand,
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COMMENT & ANALYSIS

The science of ageing

The discovery of genes that cause worms to grow old has raised hopes that scientists may soon be able to prolong healthy human life, says Clive Cookson

Scientists are at last succumbing to a spell that has enthralled mankind since the earliest myths of the ancient world: the quest for eternal youth.

Research into what causes ageing is leading scientists to hold out hope that, perhaps by early in the next century, they might be able to extend the healthy human lifespan substantially.

Although vast resources have gone into studying the diseases of old age for decades, the biology of normal, healthy ageing became a respectable field of research only during the 1990s.

Suddenly, it is one of the hottest subjects around, and one that is grabbing the limelight at the annual meeting, in California, of the American Association for the Advancement of Science (AAAS). Two areas of research are proving particularly fruitful: genetics and the connection between eating and ageing.

The first life-extending gene was identified 10 years ago in the tiny worm *Ceaeorhabditis elegans* but, says Gordon Lithgow of Manchester University, "most of the major discoveries have been made in the last couple of years and some even in the last few weeks".

A dozen genes are now known to determine the lifespan of *C. elegans*, and worms with favourable mutations can live up to four times longer than the 20-day average for the species. Recently a similar "Methuselah" gene was discovered in another much-studied creature, the fruit fly.

This work on simple "model animals", as scientists call them, is more relevant to humans than you might imagine. Half of all genes that cause disease in *Homo sapiens* are also found in *C. elegans*, although the two species diverged about 700m years ago.

Of course, the human system is more complex than the worm's. There may be several dozen key genes determining the overall way we age (as opposed to thousands that can cut our lives short through specific diseases).

Although these human ageing genes are not yet identified, their effects are seen in the way longevity tends to run in families.

For example, the New England Centenarian Study conducted at Harvard Medical School shows that if your brother or sister reaches the age of 100, your chance of surviving to 90 is four times greater than average.

How might the genes work? The ones discovered in worms and flies seem to be "master genes" controlling biochemical systems that protect cells against metabolic stress and damage.

This supports the view that ageing happens because our cells and body tissues accumulate microscopic faults that eventually prevent them functioning normally. The most serious damage is caused by the oxygen we breathe; it produces highly reactive by-products called free



Retired worker, Gwei Lin China, 1979

rats – but risen to 50% a night in animals on half rations.

Long-term experiments with rhesus monkeys in the US suggest that the same approach will work in primates, including humans. Monkeys whose calorie intake is cut by 30 per cent are showing fewer signs of the diseases associated with ageing as they enter middle age (their mid-20s) than animals that can eat as much as they want. But it will be 15 more years before the researchers know how much the monkeys' lives have been extended by calorie restriction.

Some people are not waiting. The Calorie Restriction Society is a self-help group of internet users, formed five years ago to prolong their own lives through calorie restriction. Prof Walford, the society's medical guru, says members are showing the same beneficial changes in physiology as the experimental monkeys.

They not only sustain a substantial loss in weight but also have lower blood pressure, cholesterol, glucose and white blood cell counts. "We have learned that people can lead normal lives while sustaining themselves on a calorie-restricted diet," Prof Walford says.

Although members of the CR Society typically eat about two-thirds as much as they used to, there are no general guidelines about the correct intake. It could be anywhere from 1,200 to 2,400 calories a day, depending on the individual's metabolism and lifestyle.

Several biologists besides Prof Walford practise calorie restriction in their own lives. Others enjoy food and drink too much. "I tried calorie restriction but I couldn't do it for more than two months," says Dr Nelson.

He is wary of recommending stringent dieting. "The short-term data may look encouraging but we do not have the evidence to prove that calorie restriction extends human life," Dr Nelson says. "I am also concerned about the message that would send to people who are anorexic."

Biologists are investigating the way calorie restriction works, with the aim of extracting the gain while avoiding the pain of half-starvation. The effect may involve reducing the rate at which food metabolism produces free radicals, although Dr Nelson says the body also makes more of a particular steroid hormone that helps fight stress.

Genetics and calorie restriction are just two avenues of research into the ageing process. Another involves detailed investigation of the molecular changes in senescent cells.

They will not lead to a single elixir of youth. The process is far too complex for that. But we can hope for a cocktail of treatments that will allow us, or more likely our children or grandchildren, to enjoy good health well beyond three score years and 10 – and then die quickly and gracefully of old age.



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COMMENT & ANALYSIS



To the Serbian government and its ultra-nationalist supporters, William Walker, the head of the international observer mission in Kosovo, is an "ambassador of lies; notorious American quasi-democrat protector of separatists and terrorists" and, worst of all, "anti-Serb".

But on the night the 63-year-old career diplomat learned he had been declared persona non grata and given 48 hours to leave Yugoslavia, he brushed off such accusations in his typically undiplomatic and jolly fashion, telling journalists over a drink in Belgrade that he had a trip to the dry cleaners to get the mud off his clothes anyway.

That readiness to get his boots dirty and speak his mind earned him his expulsion order last Saturday, when he blamed Serbian security forces for the massacre of 45 ethnic Albanians in the village of Racak a day earlier.

"Although I'm not a lawyer," he told reporters, "from what I personally saw I do not hesitate to call the event a massacre, obviously a crime very much against humanity. Nor do I hesitate to accuse the government security forces of responsibility."

A cartoon in Politika, the official daily, summed up Belgrade's anger. It showed a Serb in the dock

MAN IN THE NEWS WILLIAM WALKER

Thorn in Serbia's side

Guy Dinmore profiles the controversial head of the international observer mission in Kosovo

surrounded by identical figures of a somewhat crumpled and dishevelled Mr Walker acting as judge, prosecutor, defence and jury.

Last October when Slobodan Milosevic, the Yugoslav president, capitulated to the threat of Nato air strikes and agreed to let 2,000 international observers monitor a ceasefire and partial withdrawal of his forces from Kosovo, it was clear that Belgrade feared this would be the first step towards losing its sovereignty over the Serbian province.

In the plain-talking, hands-on Californian, Belgrade saw a plot to establish Kosovo as a kind of protectorate, with Mr Walker as its governor. From the beginning Mr Milosevic and Mr Walker did not get on. Mr Walker's aides fuelled Serb suspicions, talking openly about setting up the first independent television and radio stations run by the ethnic Albanian majority, supervising elections and organising the Kosovo Albanians into what would amount to a quasi-state.

In his previous Balkans post, as the last UN transitional administrator in eastern Slavonia, Mr Walker "was God... his word went", according to one colleague. Slavonia, a Croatian border region with a post-war Serb majority, saw some of the most brutal fighting of the early stages of the wars of Yugoslav secession, and Mr Walker was given sweeping powers and a powerful military machine to maintain peace.

His main role in that period, from 1997 to 1998, was to protect the interests of the Serb community in eastern Slavonia and persuade them to stay after the final handover of power to Croatia.

He had some success, despite the bullying tactics of Franjo Tudjman, Croatia's nationalist president. Mr Walker earned the respect of many Serbs and, according to one Serb journalist in the war-shattered town of Vukovar, was a "decent man".

In Kosovo, Mr Walker has a much weaker mandate and no military force to back him up. His observers are unarmed. He reports to the amorphous, 54-member Organisation for Security and Co-operation in Europe (OSCE) that runs the Kosovo Verification Mission and has never undertaken an operation on such a scale.

Mr Walker readily admits his mission has gone beyond its mandate. Instead of "observing" or "verifying", his monitors have mediated an end to local clashes, brokered ceasefires and started to investigate the disappearance of hundreds of missing civilians. Two monitors have also been shot and wounded by ethnic Albanian fighters.

He spent Christmas day in the snow trying to stop a government offensive in the north that threatened to wreck the ceasefire.

"He's really brave. He doesn't care about diplomatic language. He's open, direct and strong," said one colleague.

His relations with the Serbian government, however, deteriorated sharply after December 14, when Mr Walker assigned equal con-

demation to the killing by ethnic Albanian gunmen of six Serb youths in a cafe, and the deaths in border clashes of more than 30 ethnic Albanian rebels trying to infiltrate Kosovo.

Diplomats now admit Mr Walker chose his words poorly. In the eyes of many Serbs he had lost his impartiality.

Mr Walker's condemnation of Serbian security forces in Racak was the last straw. Mr Milosevic, while needing to mount his own damage limitation exercise for domestic purposes, saw an opportunity to get rid of a troublesome envoy. But diplomats say he miscalculated by believing he could exploit perceived differences within the leadership of the observer mission.

Gabriel Keller, Mr Walker's French first deputy, has earned himself a reputation, possibly not entirely justified, of being "pro-Serbian". He was singled out for praise by Belgrade for securing the release last week of eight Yugoslav soldiers captured by rebels of the Kosovo Lib-

eration Army (KLA), although it was British and US observers who did most of the negotiating.

Mr Keller, along with French newspapers, also seemed to undermine Mr Walker by casting an element of doubt as to whether the Racak victims were executed or, as Belgrade insists, killed in fighting between police and the KLA.

But if Mr Milosevic believed he could replace Mr Walker with Mr Keller he was wrong. The OSCE, the United Nations and even Russia, Serbia's traditional Slav ally, rallied behind the American.

After a week of protracted negotiations accompanied by movements of Nato warships and aircraft, the Yugoslav government, as before, backed down. Mr Walker, still the subject of a hate campaign in the official media, was first given an extra 24 hours to stay and then told early yesterday the expulsion order was "frozen".

But the crisis is not over.

Yesterday Mr Walker's most pressing task was to secure the release of five elderly

Serb civilians kidnapped by KLA rebels on Thursday night - an ironic twist for a man denounced by Borisav Milosevic, the president's brother and Serbia's ambassador to Moscow, as "prejudiced, compromised, isolated and a problem to be removed".

They'd like the world to buy a shirt

In the wake of Coca-Cola's decision to sell clothes, John Willman asks how far a consumer brand can stretch

The weekend is probably the time that many Coca-Cola drinkers find something missing from their lives. They swig their favourite soft drink, they savour its authenticity and genuineness - but they just are not properly dressed to enjoy the occasion.

Happily, they will soon be able to buy appropriate casual clothing that embodies the values of the world's most popular beverage. Coca-Cola is about to launch its own fashion line to reflect the idea that "consumers feel a special relationship with Coke that encompasses more than just the drinking experience".

That was how the Atlanta-based company explained its decision to get into the rag trade when details of its venture leaked out this week. In doing this, Coke is adopting a strategy that marketing specialists describe as "brand stretching" - using the popularity of one consumer brand to launch another kind of product.

For a company looking to diversify, brand-stretching is the most logical strategy, according to Adrian Day of Landor, the branding consultants. "It is always easier and less risky to stretch an established brand than create a new one."

'Brands are about promise and delivery. Don't stretch if you can't deliver'

Ice-creams branded with the names of Mars and Snickers candy bars. These are all "sweet tooth products". Cougars such as Armani and Hugo Boss have moved into cosmetics, fragrances and spectacles - all "fashion victim products". Banks now offer insurance policies, investments, business advice and other financial services.

One of the most successful brand-stretchers is Walt

Disney, which has added merchandise, shops, books, videos, games and theme parks to its original film-making. The move from making children's cartoons to other products embodying the same figures appears a natural development. Yet these are totally different businesses - there are few synergies in making films, running shops and operating a sophisticated packaged holiday business.

Disney's success comes from its clear view about what its core brand values are, says Mr Day. "Disney is about fun, entertainment, childhood and families doing things together. Any business that addresses those values fits into the brand."

Where the connection is tenuous, brand-stretching may be less successful - as Cadbury Schweppes, the UK confectionery and soft drink group, found with Smash instant mashed potato. Cadbury's Smash was launched with a whacky advertising campaign featuring laughing robots that won critical plaudits but failed to establish the product.

Cadbury's brand is in sweet things and indulgence foods," says Simon Williams of Sterling Group, a New York branding consultancy. "Mashed potato did

not resonate with these values."

Fisher-Price, the toy manufacturer, had a similar experience when it branched into shampoos. "Consumers just didn't expect to see the brand-name in a row of hair-care products," says Mr Williams.

Overstretching a brand can damage the original products that carried it, says Brian Boylan of Wolff Olins, the corporate identity consultants. He believes Jaguar has made a mistake by using stretching its luxury car marques to cover luggage and other travel accessories that are not so upmarket.

"Brands are about promise and delivery," he says. "Don't stretch if you can't deliver the promise."

Is Coca-Cola making a similar mistake in stretching its

brand from soft drinks to casual clothing again?

"All the evidence is brands stretch best when they come from a high emotional starting point," says Sterling's Mr Williams. "Disney has it and so does MTV. But packaged goods are more functional everyday brands and it could be a real challenge for Coke to move into a more experiential category such as fashion."

The connection between clothing and soft drinks is tenuous: wearing clothes is, of course, normal when drinking Coke - but then, so what? If Coca-Cola Wear, as the new range will be called, is to succeed, it will have to be on its merits as high-quality casual clothing which has a real point of difference from competitors.

That could be hard in an industry which is literally at the mercy of fashion - an industry that Coca-Cola has no experience of. Indeed, Brian Boylan of Wolff Olins questions whether Coke's corporate culture is up to making the transition.

"Coca-Cola's brand culture is about dominance and control. The fashion industry is very different with the emphasis on creativity."

That was certainly what happened with Coca-Cola's ownership of Columbia Pictures, the Hollywood studio.

The result was a prolonged management headache made profitable only by its subsequent sale to Sony for \$3.4bn.

If anyone can stretch its brand in this way, Coke can, says Sterling's Mr Williams. "But it will be like pushing water uphill."

For decades, the IOC has been answerable to no one. Accountability and transparency are largely absent. The organisation is run from a tax haven by a small group of mostly elderly men who possess enormous power, given the hefty revenues - typically between \$6bn and \$10bn - generated by a Summer Olympics for the host city.

The organisers of the Salt Lake City games also have good reason to be worried about the impact on sponsors: they still have to raise several hundred million dollars in sponsorship money to meet the estimated \$1.45bn cost of hosting the Winter Games.

Unsurprisingly, the IOC has been desperate to reassure sponsors that the Olympic staples are being swept clean. The IOC even sent Michael Payne, its head of marketing, on a whistlestop tour of top Olympic sponsors this week to soothe their concerns.

"He wanted to go and talk to each partner to explain what the IOC is doing and that we are taking prompt and decisive action," said Liz McMahon, the organisation's manager of marketing services. Sponsors had been "appreciative" of the measures already taken by the IOC, she said.

Speculation is mounting that some senior IOC figures are angered by Sammaranch's handling of the IOC's sexual harassment case. They all follow the decision by a judge to allow Ms Lewinsky to be subpoenaed in a court case.

Although Mr Sammaranch has said he will resist attempts to remove him, the final word on whether he stays or goes may well rest with the Olympic movement's new masters in the corporate world.

Her remarks hint at how power has shifted in the Olympic movement during the past few years.

With these amounts of money committed to the

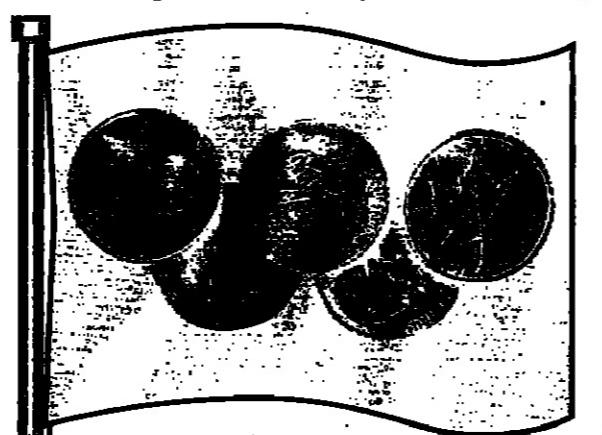


From films to theme parks: Mickey Mouse celebrates his birthday at Disneyland in California

AP

Olympic torch gutters

Patrick Harrington on the allegations of corruption surrounding bids for the Games



his report in Lausanne.

The report is expected to reveal evidence of widespread abuse by at least a dozen IOC members, including the acceptance of money, gifts and other inducements from Salt Lake City officials.

In their defence, the city officials claim they had little choice but to meet the extravagant demands of the Olympic decision-makers.

The findings are likely to result in the resignation or expulsion of many of the members named in the report, and in a complete overhaul of the bidding procedure.

There has already been talk of cutting back the number of IOC members involved in host city selection.

With these amounts of money committed to the

games, sponsors and broadcasters are understandably disturbed about the impact of the scandal. If the big corporate sponsors believe their own reputations are being harmed, they could withdraw funding for future games.

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With these amounts of money committed to the

Beyond perjury

Mark Suzman considers the lesser known charge against President Clinton, that of obstructing justice

So far the trial of the century has been a bust.

The characters

have become familiar to the

point of boredom. The video-

tapes and documents no longer

titillate. Most Americans

already believe President

Bill Clinton committed per-

jury - the first article of

impeachment against him

when testifying about his

affair with Monica Lewin-

sky. But that issue

widely regarded as an unprovable

said debate, few have much

interest in watching these

issues debated in the Senate.

Next week that could

change. If - as seems possi-

bility - senators decide to call

witnesses, two things may

happen. First, the prospect

of seeing Ms Lewinsky and

others on the stand would

pique jaded public interest.

Second, the 12 Republican

prosecution "managers"

from the House of Represen-

tatives would be given a new

opportunity to focus atten-

tion on the second, less well

understood impeachment

charge against Mr Clinton:

that he obstructed justice.

But while persuasive, that

was far from a knock-

out blow. The White House

lawyers responded with some weighty counter-

punches. For example

CURRENCIES & MONEY

China crisis

MARKETS REPORT

By Alan Beattie

Rumours swirled during the Asian trading session yesterday that China was on the brink of a devaluation.

Stories had circulated on Thursday in New York that a Japanese bank had attempted to call in a loan to a Chinese commercial bank and been strongly rebuffed. This brought the solvency of the Chinese banking system, already under pressure from falling profits, into question.

A Chinese devaluation would almost certainly be accompanied by the abandoning of the Hong Kong currency board, which is under scrutiny in the aftermath of the Brazilian Real peg's demise.

Yesterday the forward price of Hong Kong dollars in the offshore market fell to the lowest level since November 1998, implying traders have a higher expectation that the currency board will go.

The rumours also benefited the US dollar at the expense of the yen, which

might be undermined by devaluations in east Asia.

The dollar rose above the Y11 level versus the yen in Asian trading hours and again late in the European session. It closed in London at Y11.41, above the Thursday close of Y11.32.

But some investors were

also selling dollars to put their money in even safer havens. The Swiss franc, traditionally a beneficiary of jitters in the world's markets, rose above SF1.38 against

the dollar yesterday as investors took flight at the dollar's depreciation.

Aggressive Swiss central bank supply to the money market to stop too rapid an appreciation was not enough to stop the "Swissie" rising.

Sterling took a leap upwards yesterday as surprisingly strong gross domestic product data lifted some of the gloom surround-

ing the UK economy.

The UK economy grew at 0.2 per cent in the fourth quarter of 1998, avoiding the flat or negative growth that many in the market had predicted. Unless there are substantial downward revisions in subsequent estimates of GDP, doom-mongers will have to wait at least for the first data in 1999 to arrive for their predictions to be fulfilled.

Sterling slipped upwards against the dollar and the euro on the news. The pound then fell back against the dollar. But it closed in London at \$0.700 against the euro, up from \$0.701 on Thursday.

Market analysts said that it would take more than a preliminary GDP estimate to make a fundamental difference to the prospects for interest rate cuts in the UK.

"There was a small sell-off of about four basis points after the data," said Peter Osler of GNI in London. "But many are expecting these data to be revised downwards," he added.

Mr Osler said that the market was expecting an interest rate cut in February and another in March. Yesterday's data had done little to change that, he added.

■ POUND IN NEW YORK

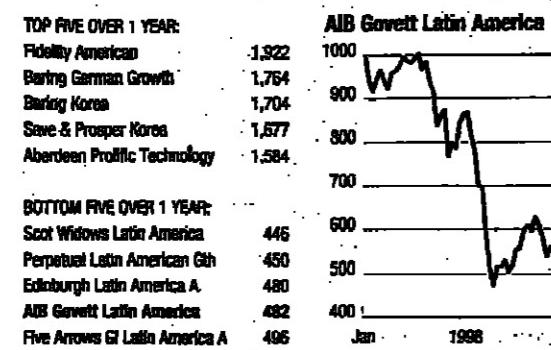
Jan 22 Latest Prev. close
\$0.7000 0.6999
£0.6250 0.6258
100 yen 1.0297
100 Swiss francs 1.5620
100 US dollars 1.5603 1.5673

■ EURO SPOT FORWARD AGAINST THE EURO

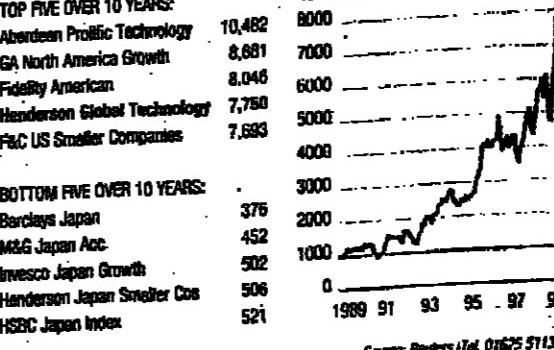
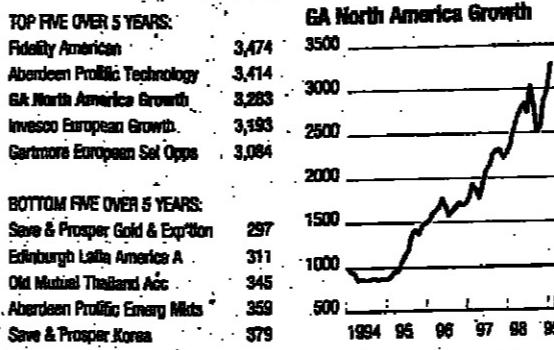
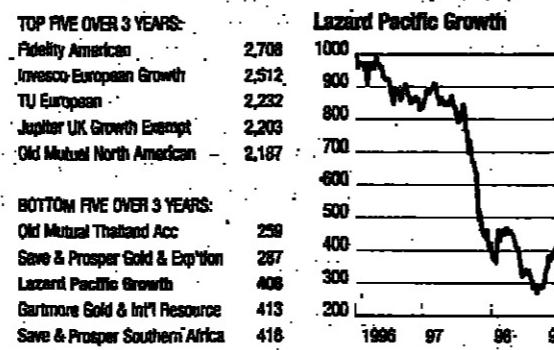
Jan 22 Closing mid-point Change Better/Better
Euro 0.8694 -0.0014 0.8684 0.8684
Dollar 1.0550 -0.0011 1.0540 1.0540
Yen 1.2405 -0.0007 1.2400 1.2400
Swiss franc 1.0540 -0.0040 1.0540 1.0540
Norwegian krone 0.8217 -0.0040 0.8180 0.8180
Pound 0.8262 -0.0015 0.8250 0.8250
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UNIT TRUSTS

■ WINNERS AND LOSERS



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.



SOURCE: Reuters (Ex. 04/05/97/98/99)

Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

■ Indices

Average Unit Trust	-1059	1278	1431	2320	44	24
Average Investment Trust	1058	1362	1404	3147	82	48
Bank	1045	1121	1207	1748	0.8	57
Building Society	1042	1113	1202	1749	0.8	54
Stock Markets: FTSE All-Share	1147	1642	1860	3265	2.8	3.8
Inflation	1028	1071	1159	1460	0.3	0.3

■ UK Growth

Jupiter UK Growth Exempt	1285	2203	3	5	10	Volatility 10%
Rivers & Mercantile 1st Growth	1058	1816	2111	-	3.5	0.8
Exeter Capital Growth	1059	1807	1776	-	3.7	0.8
Lloyds TSB Environmental Inv	1171	1772	1871	-	3.7	0.8
Johnson Fry Steer Growth	888	1750	1804	4144	4.3	1.3
SECTOR AVERAGE	1038	1445	1567	2821	3.9	1.6

■ UK Growth & Income

CF The Utilities	1161	1854	2109	-	3.7	2.1
Laurence Keen Income & Growth	1122	1741	1798	-	3.7	2.9
Fleming Select UK Income	1118	1731	1973	3212	3.7	2.7
Fidelity Moneybuilder Index	1155	1730	-	-	2.2	-
Rivers & Mercantile Top 100	1164	1725	-	-	3.9	2.8
SECTOR AVERAGE	1075	1494	1618	3047	3.7	2.1

■ UK Smaller Companies

GT UK Smaller Companies Acc	1158	1657	1487	-	4.3	1.8
Henderson Exempt Cyprus	1061	1613	1582	-	4.3	1.8
Gartmore UK Smaller Companies	832	1464	1784	2333	4.9	1.3
EWI UK Smaller Co's	909	1434	1649	-	5.2	2.7
Laurence Keen Smaller Cos	934	1431	1828	-	4.4	1.7
SECTOR AVERAGE	891	1135	1249	1950	4.4	1.8

■ UK Equity Income

BWU UK Equity Income	1101	1711	1889	3599	3.4	3.2
Premier Dividend	1119	1695	1945	2311	3.6	3.7
Fidelity Income Plus	1085	1649	1637	2604	3.3	4.0
MPI Global Car Income	1133	1636	-	-	3.1	3.1
Investec GF Income Share	1105	1620	-	-	4.1	2.1
SECTOR AVERAGE	1030	1436	1519	2882	3.4	3.9

■ UK Equity & Bond Income

Abbey National Extra Income	1067	1566	1569	3335	2.5	4.2
Edinburgh UK Income A	1099	1558	1614	2437	3.0	3.4
CIS UK Income	1058	1511	1597	-	2.9	3.2
Fidelity High Income	1094	1470	1379	-	1.9	4.4
CGI PPT High Yield	1078	1461	1474	2565	2.7	5.4
SECTOR AVERAGE	1039	1361	1417	2474	2.6	4.8

■ Japan

Balfie Gifford Japanese	1016	870	903	1238	5.8	-
Murphy Japan Growth	1164	865	972	-	5.8	-
Newton Japan	981	859	880	986	6.2	-
Newton Japanese	953	828	922	1165	3.4	0.0
Marie Curie Japan	990	806	935	-	5.8	-
SECTOR AVERAGE	984	618	653	801	6.4	0.3

■ Far East Inc Japan

Jupiter Far Eastern	1088	882	743	1769	7.7	-
Fleming Far East Smaller Cos	1049	811	856	-	6.1	0.4
Dresdner RCM Oriental Income	1015	754	731	1880	6.5	3.1
AB Govett Greater China	859	741	733	1758	9.7	-
Smith & Williamson Far East	932	726	701	-	6.0	0.1
SECTOR AVERAGE	968	631	842	1435	6.7	0.9

■ International Equity & Bond

Abbey National Extra Income	1067	1566	1569	3335	2.5	4.2
Edinburgh UK Income A	1099	1558	1614	2437	3.0	3.4
CIS UK Income	1058	1511	1597	-	2.9	3.2
Fidelity High Income	1094	1470	1379	-	1.9	4.4
CGI PPT High Yield	1078	1461	1474	2565	2.7	5.4
SECTOR AVERAGE	1039	1361	1417	2474	2.6	4.8

■ Int General

Personal Assets	1110	1693	2313	-	3.3	1.7
Majestic	1198	1675	1795	5.0	2.4	-
Tribune	1195	1637	1718	13	5.1	1.7
Alliance	1172	1523	1652	15	4.3	2.7
Witan	1167	1513	1875	14	4.5	2.5
SECTOR AVERAGE	1127	1453	1601	-	4.7	2.3

■ Int Capital Growth

Jupiter Primadonna Growth	1382	2641	2762	-	7.3	1.1
Foreign & Col Spec Ult S	1311	1818	-	13	6.1	2.9
British Assets Growth	1169	1656	-	22	5.0	-
RIT Capital Partners	1281	1608	1846	15	5.0	0.8
Finbury Worldwide Pharmacy	1098	1568	-	20	7.5	0.2
SECTOR AVERAGE	1124	1411	1466	-	5.3	1.6

■ Int Income Growth

British Assets	1185	1605	1450	11	5.3	4.5
Scotinvest Trust of Scotland	1015	1373	1327	17	4.8	4.2
Murray International	1015	1232	1328	16	5.4	4.2
SECTOR AVERAGE	1081	1403	1368	-	5.2	4.2

■ Smaller Cos Int'l

Herald	1317	1456	-	11	6.2	0.7
Henderson Strata	863	1164	1604	17	6.7	-
Henderson Smaller Companies	1030	1559	1101	22	5.8	2.2
Mid Wynd International	947	1102	1086	28	4.4	2.4
Foreign & Col Smaller Cos	861	930	957	-2	3.7	2.6
SECTOR AVERAGE	916	1021	1178	-	6.1	2.4

■ UK General

Fleming Claverhouse	1089	1874	1873	0	5.0	1.9
Foreign & Col Spec Ult Units	1181	1635	1612	14	4.2	3.8
Edinburgh UK Tracker	1147	1606	1840	0	4.7	2.5
Akros	1091	1353	1885	22	4.8	4.0
M&G Recovery Units	1155	1504	1530	-2	3.7	3.7
SECTOR AVERAGE	1106	1481	1617	-	4.7	3.1

Insurances, Money Markets and Other

● FT Clyne Unit Trust Prices are available over the telephone. Call the FT Clyne Help Desk on (+44 171) 573 4378 for more details.

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Schneider Investment Mgmt (Singapore) Ltd

LONDON SHARE SERVICE

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

NORTH AMERICA											
	Open	Set Price	Change	High	Low	Est. vol.	Open Int.		Open	Set Price	Change
UNITED STATES (Jan 22 / US\$)											
All (per share)	2684.2	2622.0	-262.2	2672.7	2667.0	2640.0	2640.0		2622.0	2615.0	-261.5
America	578.0	581.3	585.9	573.10	574.95	568.00	31/5/89				
AT&T Intern'l (Jan 31)	1011.25	1047.84	1056.75	1038.00	1025.00	1020.00	1020.00				
Bankers Trust (Jan 31/31)	3362.77	3441.63	3491.13	3388.02	3377.00	3357.78	10/10/88				
Bell	94	7211.9	7074.0	12288.00	19428	4761.00	10/9/88				
Boeing (Jan 31/31)	54	3194.91	3187.51	3200.00	1602.00	2620.10	31/8/88				
CDC (Jan 31/31)	1002.50	1005.91	1012.34	7023.30	2249.00	6333.70	5/10/88				
Compaq (Jan 31/31)	14	3429.00	3480.00	3480.00	2550.00	2703.78	10/10/88				
CPI Corp (Jan 31/31)	14	3391.92	3391.71	3461.05	1464.00	3388.00	14/2/88				
Dow Jones (Jan 31/31)	633.82	640.03	641.05	778.04	747.95	688.00	5/10/88				
Ford (Jan 31/31)	594.30	6108.53	6210.00	6286.00	3011.00	3224.00	12/1/88				
General Motors (Jan 31/31)	2356.71	2607.00	2624.44	2988.73	1777.00	1820.00	12/1/88				
IBM (Jan 31/31)	410.03	413.03	415.00	418.46	395.45	2682.00	12/1/88				
FAT Adams (Jan 31/31)	1882.53	1883.51	1883.30	1940.00	2077.00	1285.00	3/10/89				
DATA (Jan 31/31)	5019.28	5156.50	5143.00	6171.43	3077.00	3686.00	8/10/88				
Emerson (Jan 31/31)	2265.87	2305.00	2301.51	1983.00	1845.00	1720.00	20/7/88				
FTR Corp (Jan 31/31)	1894.37	1891.31	1905.00	1810.28	1799.00	1783.12	29/1/88				
Hewlett-Packard (Jan 31/31)	2082.92	2045.67	2014.51	1801.00	1520.00	1884.00	12/1/88				
IBM Corp (Jan 31/31)	3287.85	3323.93	3320.00	2140.00	2041.00	2010.00	20/10/88				
Intel (Jan 31/31)	14	554.10	554.10	554.10	2658.00	2885.20	21/6/88				
GE Capital (Jan 31/31)	2221.59	2307.00	2322.50	5471.00	2140.00	3453.00	1/10/89				
Motor Corp Int'l (Jan 31/31)	1471.81	1482.00	1503.00	1784.00	749.00	1085.00	9/10/88				
Motor Corp (Jan 31/31)	863.00	957.00	1016.00	1075.00	776.00	983.00	22/1/88				
Nestle (Jan 31/31)	14154.40	14245.42	14238.00	1784.00	2326	1880.00	9/10/88				
Philip Morris (Jan 31/31)	2161.57	2161.57	2157.00	2153.00	1823.00	2161.57	12/1/88				
Tupperware (Jan 31/31)	102.25	1184.32	1182.00	1182.00	1023.00	1021.00	12/1/88				
INDICES	\$1.00	Jan 21	Jan 20	High	Low						
Average	11559.30	11523.00	11521.00	12261.10	11200.00						
Composite (Jan 22)	2652.0	2672.7	2667.00	2640.00	2640.00						
All Goods (Jan 31/31)	578.0	581.3	585.9	711.10	254.95	488.00	31/5/89				
Auto Parts (Jan 31/31)	1011.25	1047.84	1056.75	1038.00	2550.00	982.00	10/10/88				
Bankers Trust (Jan 31/31)	3362.77	3441.63	3491.13	3388.02	670.00	2357.78	10/10/88				
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WORLD STOCK MARKETS

Gloomy Dow Amsterdam heads sharp falls among bourses of Big Blues

AMERICAS

Renewed weakness for the Brazilian currency and a steep slide at Wall Street heavyweight IBM combined to send the Dow Jones Industrial Average lower in early trading, writes John Labatt in New York.

By early afternoon the Dow had lost 112.7 or 1.2 per cent to 9,151.31 while the Standard & Poor's 500 was down 5.88 to 1,229.78.

Analysts were quick to point out that more than half of the setback for the Dow was due to IBM, known as Big Blue, which tumbled \$44 or more than 7 per cent to \$163.34 one day after the company reported strong earnings but a shortfall in revenues.

"Services and software were fine, but their main-frame business sagged a bit and that was disappointing, especially after Microsoft blew the doors off of expectations," said Larry Wachtel, market analyst at Prudential Securities in New York.

Early in the day, Morgan Stanley Dean Witter cut its rating of IBM to "outper-

form" from "buy", although it raised its target price for the stock.

Other high-tech shares had pared early losses by midsession. The Nasdaq composite index, weighed in technology issues, was 6.78 higher at 2,351.50 following Thursday's sharp sell-off in internet and other computer-related stocks.

PARIS gave up 124.70 at 4,019.33 on the CAC 40 index with luxury leader LVMH, down €14.30 or 6.6 per cent at €203.20, providing the day's steepest decline.

Cap Gemini, up 1 cent at €161.0, continued to win plaudits from brokers. Dentsu Bank added its name to the list of houses upgrading the shares following Thursday's better-than-expected results.

Valeo powered higher, ris-

ing €2 to €69 after the motor components group turned in 1998 results showing widening second-half operating margins.

AMSTERDAM fell steeply, sliding 23.51 to 520.28 on the

banking shares met with selling. Chase Manhattan lost \$1.4 to \$73.8, but internet shares had recovered from recent weakness, with Amazon.com up \$17 to \$123.

TORONTO tracked Wall Street lower in early trading, with investors pushing through sell orders on a broad range of sectors.

By noon, the S&P composite index was off 9.96 at 6,998.90. Royal Bank shed C\$1.10 at C\$76.10.

Bovespa slips further

SAO PAULO remained a hostage to currency scares after a further round of selling hit the Real.

Despite central bank intervention, the Brazilian currency lost ground heavily against the dollar in early trading and the share market moved steadily lower as a result.

By midsession, the benchmark Bovespa index had suf-

fered a further loss of 179 or 2.5 per cent to 7,142 to compound the previous day's 4.6 per cent decline.

MEXICO CITY parried initial losses but sentiment remained shaky at best, according to local brokers.

At midsession, the IPC index, which had ended 1.1 per cent lower on Thursday, closed off a further 33.90 at 3,700.26.

Sanlam up against trend

SOUTH AFRICA

Johannesburg lost ground for the third session running, slipping a further 80.5 to 5,589.6.

Industrials shed 1.6 per cent to 4,632.0 and financials

came off 1.9 per cent at 8,439.7. Golds dipped 1.5 per cent to 998.6.

Life group Sanlam, which came to the market in November at R6, rallied strongly against the trend, adding 6 per cent at R4.91.

British Government Stocks

UK Treasury Step 07/Jan/1999 Cpn - 5.35 (14/08/99)

UK Treasury Step 07/Jan/1999 Cpn - 5.65 (14/08/99)

UK Treasury Step 07/Jan/2000 Cpn - 6.05 (14/08/99)

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UK Treasury Step 07/Jan/200

COMPANIES & FINANCE

Royal & Sun talks put £3.4bn value on GRE

By Andrew Bolger,
Insurance Correspondent

Royal & Sun Alliance, the UK's biggest general insurer, yesterday confirmed it is in talks about a potential offer for Guardian Royal Exchange, its smaller rival which put itself up for sale in November.

Royal & Sun said it had discussed offering about 390p per GRE share, valuing the group at £3.4bn (£5.8bn). GRE shares yesterday rose 4 per cent, from 369½p to 369½p, giving the group a market capitalisation of just under £3.5bn.

However, the Royal & Sun announcement was given a cool reception by analysts, who believe the prospective bidder's founding £250m merger in 1996 between Royal Insurance and Sun Alliance was mismanaged. Its shares fell 5 per cent,

from 468p to 465p.

GRE has refused to grant Royal & Sun exclusive negotiating rights and several other insurers remain involved in the talks, including Axa of France and Eureko, a European alliance of seven insurers.

Any offer from Royal & Sun would be a mixture of cash and its own shares, probably 50-50, but the company sought to calm City concerns by ruling out making a rights issue.

The combination of Royal & Sun and GRE would raise competition issues in the UK, where it would have close to 25 per cent of the general insurance market.

The enlarged group would have more than 30 per cent of the Irish general insurance market, and would have to make disposals.

Royal & Sun would seek job and cost reductions if it

acquired GRE, which has 17,500 employees. Having shed 5,000 jobs following its 1996 merger, Royal & Sun said recently it would cut more jobs and withdraw from certain areas of business. Most of the cuts are expected in its general insurance business in the UK, which employs about 22,000 people out of a total of 43,000 staff worldwide.

City concern about Royal & Sun focuses on the slow pace at which Royal appears to have been integrated with Sun Alliance. Robert McDonald, a US citizen, was appointed chief executive at the end of 1997.

Advisers to GRE, which has promised to make a decision by the end of this month, are concerned that City hostility could force Royal & Sun not to proceed — leaving the group vulnerable to a lower bid from Axa.

LCR begins fund-raising for Channel rail link

By Charles Batchelor,
Transport Correspondent

London & Continental Railways is to start the process of raising funds from the City to help pay for the Channel tunnel rail link in two weeks' time.

Warburg Dillon Read and HSBC Markets will start formally sounding out market interest on February 8 in a proposed £2.65bn bond issue, which will carry an unprecedented government guarantee. The two investment banks, which are joint managers of the issue, plan to go ahead with the longer-dated of the three tranches of bonds first, because that is where most market interest lies.

They plan first to undertake a book-building exercise for between £1bn and

£1.65bn of bonds maturing in 2022, but will also sound out interest in a bond of up to £650m maturing in 2008. Book-building involves assessing the level of interest from potential purchasers and the price at which they are prepared to buy, so that size and interest rate can be set at realistic levels.

Only when a decision has been taken on the longer-dated issues will the market be sounded out on a £1bn tranche of bonds maturing in 2010. "Marked conditions look best for the longer-dated issue," said Frank Kennedy, of Warburg Dillon Read. "The long end of the market is in quite good shape. There is a lot of investor demand." The 2008 and 2038 bonds are likely to be issued simultaneously.

The government guarantee covers £2.75bn of the total 55.4bn cost of the 56-mile rail link. Only £2.65bn of these funds will be available for the first stage of the link, between Folkestone and Fawkham Junction in north Kent, with £1.1bn reserved for the second stage to London St Pancras.



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MEDIA: MIRROR BOARD UNDER PRESSURE OVER MERGER PROPOSALS

Vote looms on Montgomery future

By John Sapper,
Media Editor

The board of Mirror Group could vote next week on whether to remove David Montgomery as chief executive following an effort by leading shareholders to ensure he cannot block a takeover or merger.

Investors holding 25 per cent of the company have told directors they will back any effort by non-executives to oust Mr Montgomery, and may call an extraordinary meeting of shareholders if the non-executives are outvoted.

Mr Montgomery is thought

to have the support of a majority of Mirror's board, which comprises seven executive directors and six non-executives.

However, Sir Victor Blank, the non-executive chairman, is understood to be in favour of his removal.

Mr Montgomery is regarded by some investors as a potential obstacle to a merger or takeover because they believe he wishes to retain executive power. However, he has insisted that he would be prepared to step down for a deal.

It was unclear yesterday whether Sir Victor intended to call a vote at a board

meeting on Tuesday. He is thought likely to gain backing from four of the other non-executive directors, but Sonia Laid, the fifth, might abstain.

If Sir Victor lost a vote on Tuesday he could then encourage shareholders to call an extraordinary general meeting. This could allow the appointment of enough extra directors to overturn the board majority.

The argument over Mr Montgomery has led to one of the most explosive corporate disputes of recent years. Phillips & Drew Fund Management, Prudential Corporation and Hermes have all

said they will back the non-executives.

The three institutions met three executive directors, John Allwood, Roger Easton and Cornel Ridin, on Thursday evening to emphasise their stance. The directors believed Mr Montgomery had been misunderstood.

Advisers said yesterday that the board was united in having rejected terms indicated by Trinity for a merger before talks broke down. These valued Mirror shares at 0.375 of a Trinity share, or £1.50 at yesterday's levels.

Mirror's executive directors believe the Trinity offer was worse than the £213m formal offer by RIM.

Mirror shares closed 5p lower yesterday at 19sp.

What exactly is guaranteed by a guarantee?

A row over annuity rates for some Equitable Life policyholders has caused bad feeling, writes Christopher Brown-Humes

For the UK's oldest mutual life assured, it has been anything but an Equitable Life: in just six months it has gone from hero to villain in the eyes of many of its policyholders.

The abrupt turnaround has been caused by its treatment of 100,000 policyholders who were given annuity guarantees in the 1970s and 1980s, when many life assureds offered them.

The problem has arisen because current annuity rates are much lower than those prevailing when the policies were written. Typically, guarantees might pledge an annuity rate of 11 per cent on the final pension pot, compared with a level of about 8 per cent today. Equitable's critics object that the company has chosen to pay for the guarantees by cutting the final bonuses on the policies, thereby reducing the terminal sum to which the guarantee applies.

Some insurance executives argue that it is not just Equitable's reputation that has been hit, but that of the whole life industry, as it struggles to put the ill-fated pensions mis-selling scandal behind it.

Tony Baker, the deputy director-general of the Association of British Insurers, said: "Everybody else has paid up on their guarantees. The industry wants to be perceived as to be delivering on guaranteed annuities if they were sold on that basis."

If the furore has put Alan

Nash, Equitable's managing director, under strain, it is not showing it. He sits in the boardroom of the group's London office carefully setting out the reasons for the group's stance.

He argues that Equitable, like all life assureds, has discretion over the level of final bonuses. He also maintains it would be unfair to spread the cost of the guarantees across all policyholders.

"The recent publicity has been very uncomfortable for us. But it would have been far more damaging reputationally if we were accused to the demands of a group of policyholders who are seeking to obtain a level of benefit which exceeds the return on their contributions and exceeds the amount we are contractually obliged to pay."

Other life assureds have distanced themselves from Equitable's stance. Philip Scott, director of life and pensions at Norwich Union, said: "The client should benefit from the enhanced annuity rate that the policy offers. Equitable's approach, which is to try and take some of that away through manipulating the final bonus, is not a policy we would wish to impose on our members."

Equitable moved last week to take the sting out of the affair by instigating a test case that is due to reach the High Court this autumn.

The question is what happens if it loses. That in turn

depends on how much is at stake — £50m, according to the society, £1m, according to Stuart Baylies, who has organised an action group of disgruntled Equitable policyholders.

His calculation assumes current annuity rates being 25 per cent below guaranteed rates and 240m of liabilities at stake. This could make it vulnerable to a predator.

But Equitable would have to be dragged kicking and screaming into a surrender of its mutuality and independence: it traces its history back to 1762, making it the founder of the UK life assurance industry. "We are totally, unanimously and firmly committed to our independence," says Mr Nash.

In any case, rivals are only too anxious to revel in Equitable's discomfort, not least because many of them would love nothing more than to buy it. Its blue-chip customer base includes City

banks, MPs, solicitors and accountants. The premiums it receives are much bigger than average, while its costs are much lower because it does not pay commission to independent advisers. Both productivity and its franchise are excellent.

Mr Nash says he has had no bid approaches since the controversy broke out. But he admits that "in the last five years, I have had every firm of merchant bankers in the city telling me why we should demutualise". All have been rebuffed.

Equitable says it has been here before. Two hundred years ago, another group of policyholders tried to get their hands on assets "they were not entitled to".

Mr Nash points to a portrait of William Morgan, head of Equitable at the time, who saw off the attempt. He appears equally determined to do the same.

Amey bids £81.5m for Servisair

By Charles Pretzlik

Amey, the construction group which is trying to expand its facilities management business, yesterday launched an £81.5m (£134.5m) hostile takeover bid for Servisair, the airport ground support services company.

The 200p-a-share offer was immediately rejected by Servisair, which said it was "unwelcome" and "wholly inadequate".

Hopes that a rival bidder might emerge helped lift Servisair's shares above the offer price to 217½p, up 4p. Speculation centred on John Menzies, the distribution group which is eager to

expand its airport services business, and Go-Ahead, the transport group which bought a 8 per cent stake in Servisair at 118p-a-share last month.

However, Menzies is considered reluctant to enter a contested bid and to make such a large acquisition. Martin Ballinger, managing director of Go-Ahead, said: "We have not decided if we should bid and neither have we decided not to bid."

Analysts were divided on whether Amey's offer under-values Servisair. One analyst described the bid as "the toppest of dollars".

Amey said the bid valued the company at 217 times the 9.2p earnings per share

its own broker, Cazenove, forecast for 1998, down from the 124p it earned a year earlier.

Brian Staples, chief executive of Amey, said: "It is a fair bid."

Servisair shares hit a low of 102p last month after falling from over 500p two years ago. They have underperformed the FTSE All-Share index by about 70 per cent in the past two years.

The move comes after Amey made a formal approach to Servisair but Mr Staples said he decided to put the offer directly to shareholders because he thought Servisair would attempt to start an auction.

He said the move would enhance Amey's earnings in the first full year before amortisation of goodwill. Amey would have to write off £2m a year in goodwill for 20 years but Mr Staples said he believed annual savings of £2.5m could be achieved. Amey's shares fell 40p to close at 61.5p.

Mr Staples added the move would make Amey less dependent on customers like Railtrack.

The bid will be funded out of Amey's cash resources and new banking facilities.

Mr Staples said it had about £90m cash at the year-end.

Amey is being advised by ING Barings and Servisair by Credit Suisse First Boston.

The whole group was capitalised at £114.8m at last night's closing share price of 140p.

After the disposal, Finalist would focus on distribution and warehousing.

Finalist is believed to have rejected as too low some offers for Motor World, its retail chain, and Macress, its cash and carry business, which make up 35 per cent of group turnover. Motor World was bought for £46.7m in July 1996 and Macress for £22.6m in March 1997.

Chris Swan, chairman, floated Finalist after leading a management buy-out from BBA, the conglomerate. He has built up a vertically-integrated business straddling manufacturing and retail operations, using acquisitions in the highly fragmented vehicle after-parts market as the main driver of growth. Both Finalist and Parco, its main rival, claim market leadership on the basis of only about 10 per cent each.

Philip Wragg, chief executive of Parco, which does not have any retail interests, turned down a merger approach from Mr Swan last summer. He said that any benefits would be overshadowed by operational and financial risks.

Finalist was last night unavailable for comment.

On-Line head in optimistic mood

By Andrew Edgington-Johnson

Michael Hodges, chairman and managing director of On-Line, the AIM-traded computer games company, said yesterday he could see no reason why the increased interest in its shares since the start of the year should not herald "the start of UK and European internet companies having a similar sort of valuation to US companies".

On-Line's shares rose from 124p to 255p between early January and Wednesday, but have since fallen, closing yesterday at 197½p, down 31½p.

On-Line expects its contribution to help lift the company's share of the UK market from 12.6 per cent last year to about 14 per cent in 1999.

Mr Hodges said that On-

Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current payment (p)	Date of payment	Dividends Conserving dividend	Total for year	Total last year
Southampton Leisure - 6 mths to Nov 98	7.08 (8.17)	2.98 (3.01)	8.47 (2.65)				

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. *After exceptional charge. **On increased capital. ***On stock

دعا من الأصل

COMPANIES & FINANCE

Anglo American to buy back Zambia minesBy Victor Mallet
in Johannesburg

Anglo American, the South African conglomerate, is to buy back for \$90m in cash the big Zambian copper mines it used to own until they were nationalised by the Zambian government nearly 30 years ago, according to a preliminary agreement announced yesterday.

Zambia Copper Investments (ZCI) – the company through which Anglo owns its remaining minority interest

in state-controlled Zambia Consolidated Copper Mines (ZCCM) – and its partners, will buy an 80 per cent stake in a new company to run loss-making ZCCM's Konkola, Nkana, Nchanga and Nampundwe operations.

Privatisation of the copper mines, which account for a quarter of gross domestic product and most of the export earnings of the fragile Zambian economy, has been delayed for years while the government has wrangled with potential buyers over

the terms. Since 1970, the country's production has more than halved to about 300,000 tonnes a year today.

The copper price has fallen sharply in the past two years, which partly explains the low purchase price. "The shame of this is that the Zambian government – had it sold this three years ago – would probably have got many times the price," said Stephen Briggs, commodities analyst with SG Frankel Polak in Johannesburg.

ZCCM, the Zambian government and Bermuda-regis-

tered ZCI plan to finalise the deal by the end of March, but several conditions need to be fulfilled first.

They include the formation by ZCI of a consortium including "a substantial mining partner" in addition to Anglo, the raising of finance, confirmation of ZCI's due diligence on the assets it will buy, and the funding of redundancy payments to miners by foreign donors.

As part of the deal, ZCCM

will have a 20 per cent stake in the new company, of which 5 per cent will be free and the rest purchased with dividends over time.

In a parallel transaction, the government of Zambia will buy ZCI's holding in ZCCM.

ZCI has relinquished its exclusive right to the Mufulira smelter and refinery, leaving the way open for the separate sale of the Mufulira mine as an integrated operation. Reunion Mining of the UK is in talks to buy Mufulira.

Siemens shows 12% advanceBy Uta Hanischfeger
in Frankfurt

on its restructuring, unveiled last November, when Heinrich von Pierer, chief executive, announced plans to sell businesses worth DM17bn. Among other initiatives, the company's troubled semiconductor business is to be floated.

The results also benefited from Siemens' acquisition last year of Westinghouse's continental power plant business. "Through its strong foothold in the US, Westinghouse has managed to bring in a lot of medium-sized orders," said Theo Kitz, an analyst at Merck Finck in Munich.

Analysts said falling prices and increasing competition might continue to make life hard for Siemens in the transport business, but that even if the group was thinking of selling, it could be hard to find a buyer.

The transport side depends to a great extent on large orders from Deutsche Bahn, the state-owned German railway system. "If, for example, Deutsche Bahn decides to postpone one order for ICE [high-speed] trains, it would immediately hit back Siemens' railway business," Mr Kitz said.

More record profits forecast at Porsche

By Tony Barber in Frankfurt

Porsche, the German sports-car maker, yesterday predicted a second successive year of record profits and sales, saying its strength owed much to its independence in an industry heading for worldwide consolidation.

Porsche, which celebrated its 50th anniversary last year, forecast that turnover would rise in 1998-99 from DM4.9bn to more than DM5.5bn (£2.8bn, \$3.3bn). It also said this year's profits would be higher than last year's record DM324m.

Wendelin Wiedeking,

C&W seeks new buyers for Bouygues stake

By Alan Cane in London and David Owen in Paris

Cable and Wireless, the UK communications group, has lost patience with efforts to sell its 20 per cent interest in Bouygues Telecom – where it has neither influence nor control – to its principal shareholders.

Bouygues at first indicated it would take up the offer at C&W's asking price but discussions have dragged on since the middle of last year.

Disagreements over strategy within Bouygues, one of France's premier industrial groups, will not have helped.

C&W said yesterday: "There

is no contract in place for the sale of C&W's interest in Bouygues Telecom."

Bouygues said yesterday that discussions between C&W and the other Bouygues Telecom shareholders – Bouygues itself, Véba, Telecom Italia, JC Decaux International, BNP and Paribas – were continuing, it said.

C&W had originally sought to sell its stake in Bouygues Telecom to Telecom Italia last year as part of an exchange of assets designed to underpin a strategic alliance between the UK and Italian operators.

However, Bouygues Telecom's other shareholders, including a consortium headed by the Bouygues parent company and the German group Veba, threatened to exercise their pre-emptive rights to the stake. The proposed alliance came to nothing after a change of management at Telecom Italia.

Given the current vogue for telecoms investments, it is no surprise that C&W should have received new offers for its holding. Bouygues said in December it put the value of Bouygues Telecom at FF145m (£6.9bn, \$7.6bn), and hence of its own interest at about FF15bn (£6.4bn) up from a valuation of FF10bn in mid-1997.

Cordoni, which is the largest seller of *cava* spar-

Change ferments in Spain wine sector as palate improves

EU constraints on wine-making acreage come as consumers show growing taste for quality wines, writes Tom Burns

Spain's wine industry is entering an era of change, prompted by growing domestic demand for quality coupled with restrictions on the amount of land that may be planted to vines.

Maturing in the board-rooms of the main wineries are plans for buy-outs, takeovers, territorial expansion and big investments.

"We are looking at an entirely new market," said Jordi Raventos, chief executive of the family-owned Cordoni group, "and we are going to see readjustments throughout the sector."

European Union restrictions have effectively frozen the size of Spain's existing wine-producing rights in Riba del Duero, an area of the domestic industry that is capturing a growing slice of the premium wine market. The Ribera foothold follows the group's move into Rioja, the prime Spanish wine-growing area, two years ago when it paid Pataña (£24m) for Bodegas Bilbainas, a well-established winery.

Significantly, Bilbainas is now producing *crianza* or cask-aged wines for the first time and Cordoni plans to triple the unit's output by 2002.

The challenge, according to Mr Raventos, is to get hold of vineyards capable of delivering good wine, because we are seeing prices that were unimaginable five years ago."

The average price for a kilo of *tempranillo* grapes, used to produce Rioja-denominated wines, rose by more than 16 per cent during last year to Pt220, despite a good harvest, and top-quality grapes found buyers at Pt275. Grape prices were up by some 25 per cent in Riba del Duero where the harvest was relatively poor.

Among the winemakers that are expanding is Bodegas Arco, a company partly owned by four Rioja wine cooperatives that has the biggest share of the area's mid-size segment brands.

Arco's controlling shareholder, the listed Madrid holding NH Hoteles – formerly known as Cofer – is negotiating the sale of its Pt17bn stake to the co-operatives, to the Marquis de Grifón, a senior executive of the firm and one of Spain's best-known winemakers.

With Cofer providing financial backing, Arco demonstrated the extraordinary growth potential of a well-managed winery skilled at branding its products.

Over the past five years, it has acquired assets in other Spanish wine-growing areas, including Riba del Duero and Catalonia, as well as in Argentina. Rioja wines now represent just 50 per cent of total output. Sales have increased from 3.5m bottles in 1993 to 25m last year.

"Our target is to build Arco into one of the world's top 10 wine groups," said the Marquis of Grifón.

chairman, said Porsche was supposedly a classic takeover target but had carved out a successful niche last year as the world's smallest profitable independent car manufacturer. He said it had proved wrong those who had predicted five or six years ago that Porsche would succumb to a bigger rival.

Provisional results showed that pre-tax profit had more than doubled in the first six months of the year to about DM195m, while turnover climbed 28 per cent to about DM2.5bn. Thanks partly to strong demand in the US, unit sales rose by 26 per cent to 18,900 vehicles.

FT/S&P ACTUARIES WORLD INDICES

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	TUESDAY JANUARY 23 1999										WEDNESDAY JANUARY 20 1999										DOLLAR INDEX									
	US	Dollar	Pound	Swiss	Yen	Euro	Local	Dollar	Yen	Euro	Local	US	Dollar	Pound	Swiss	Yen	Euro	Local	Dollar	Yen	Euro	Local	US	Dollar	Pound	Swiss	Yen	Euro	Local	
Australia (76)	211.09	-0.8	189.47	151.05	209.85	219.22	-0.8	3.35	212.76	191.47	182.65	211.75	221.11	219.95	183.86	220.18	212.76	191.47	182.65	211.75	221.11	190.95	183.86	220.18	212.76	191.47	182.65	211.75	221.11	
Austria (21)	177.02	-0.4	152.21	122.51	145.71	145.71	-0.5	2.38	178.01	150.41	145.71	178.01	188.45	150.41	145.71	178.01	150.41	145.71	178.01	150.41	145.71	178.01	150.41	145.71	178.01	150.41	145.71	178.01	150.41	
Belgium (22)	144.04	-0.5	125.21	102.55	125.21	125.21	-0.7	1.18	145.00	124.74	125.21	145.00	153.77	124.74	125.21	145.00	124.74	125.21	145.00	124.74	125.21	145.00	124.74	125.21	145.00	124.74	125.21	145.00	124.74	
Brunei (20)	100.70	-10.7	90.33	102.11	113.27	113.27	-4.2	2.88	112.79	101.50	80.82	112.79	125.59	101.50	80.82	112.79	101.50	80.82	112.79	101.50	80.82	112.79	101.50	80.82	112.79	101.50	80.82	112.79	101.50	
Canada (116)	207.12	-0.5	185.90	142.21	206.89	227.44	-1.1	1.73	208.08	187.27	140.30	207.10	223.88	187.27	140.30	208.08	187.27	140.30	207.10	223.88	187.27	140.30	208.08	187.27	140.30	207.10	223.88	187.27	140.30	
Denmark (34)	404.89	-0.8	444.19	354.14	491.98	492.98	-0.9	1.62	405.91	448.81	357.82	405.91	493.11	448.81	357.82	405.91	448.81	357.82	405.91	448.81	357.82	405.91	448.81	357.82	405.91	448.81	357.82	405.91		
Finland (29)	651.11	-1.7	584.41	455.92	701.38	701.38	-1.6	1.43	651.25	595.08	474.43	713.14	713.14	595.08	474.43	713.14	713.14	595.08	474.43	713.14	713.14	595.08	474.43	713.14	713.14	595.08	474.43			
France (78)	335.71	-0.8	301.32	240.22	258.21	258.21	-0.7	2.11	337.78	303.98	242.35	303.98	320.39	303.98	242.35	303.98	320.39	303.98	242.35	303.98	320.39	303.98	242.35	303.98	320.39	303.98	242.35			
Germany (58)	220.01	0.4	200.22	202.03	245.03	245.03	-1.2	1.20	221.25	207.45	182.55	221.25	247.49	207.45	182.55	221.25	207.45	182.55	221.25	247.49	207.45									

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FT WEEKEND

JANUARY 23 / JANUARY 24 1999

UK regional newspaper

Some call it the last wilderness in Europe. And for several days last week the Knoydart peninsula in north-west Scotland was certainly earning that reputation.

Gales blowing up to hurricane force whipped in from the Sound of Sleat. The bay of Inverie turned black under Shakespearean tempest of thunder, lightning, sleet and hail.

The Mallaig ferry refused to leave harbour and little boats ran for shelter. Since there is no road into Knoydart, the 40 permanent inhabitants were marooned. Some kept indoors, others tacked along the seafront to the Old Forge, said to be the remotest pub in the British Isles.

In summer, however, the place is transformed. The pub is jammed and the four-room guest house by the jetty claims the highest occupancy rate in Scotland. Among the connoisseur tourists who come here are hill-walkers to climb its three "Munros" (mountains of more than 3,000ft); stalkers to shoot its difficult stags; yachtsmen to seek out its lonely coves; and holiday-makers to indulge romantic longings for grandeur and solitude.

They are not the only romantics drawn to this land, shaped like a lion's head and looking west to the Isle of Skye. In common with much of the Highlands, Knoydart has been a magnet for the rich who for reasons of status, sentiment or sport have paid well over the odds to possess it. Seven lairds have come and gone since the 1940s, few of them with more than tenuous hold.

This week, the future of Knoydart was thrown in the air once again. Residents had expected to get some mastery of their own fate - at least for the next 25 years - following the intervention of the multimillionaire theatrical impresario Sir Cameron Mackintosh, the man behind *Cats*, *Les Misérables*, *Miss Saigon* and other hit musicals.

His charitable trust was to conclude a deal next week to buy the 17,000-acre Knoydart estate from the receivers for about £300,000. He was going to lease back most of the property for the price of a bottle of Scotch to a local foundation which includes the residents.

On Wednesday, however, they learned that Sir Cameron had pulled out. His ownership could not be squared with the demands of other interests. Two conservation bodies, the John Muir Trust (named after the Scottish American who set up the Yosemite national park) and the Chris Brasher Trust, created by the former Olympic gold medalist runner, both reportedly wanted an option to buy in return for the £200,000 each they were planning to invest in the place. There were difficulties over renewing the leases and over compensation terms if it ended.

For some residents, the news was a blessing in disguise. For however benign his intentions, the Mackintosh solution would have been at the expense of their original ambition to own the place themselves.

The Knoydart story is not the first of its kind. Two years ago the 68 inhabitants



of nearby Eigg bought their island for £1.5m with outside help. But it has blown up just at the moment when land reform - ending 900 years of feudal tenure in Scotland - has been pushed to the top of the political agenda by a Labour government desperate to beat the nationalists for control of the new Scottish parliament.

What the Knoydart saga demonstrates is that "community purchase" is a fine-sounding phrase in the mouths of Edinburgh politicians, is no bed of roses but a prickly path of thistles.

The inhabitants cannot afford to wait for a change in the law. They will now be demanding that the Scottish Office actively support their bid. For without control of the land, they say, they can never find security nor fulfil their other wish: to help repopulate the Highlands.

Knoydart may be a wilderness today, but that is not its natural condition. As with the rest of the region, exploitation is partly to blame. Voluntary emigration in the 18th century was followed by famine in the 19th. Yet 400 people remained on Knoydart when Josephine Macdonell, widow of the last clan chief, ordered her factor to evict the remainder so that she could sell the land to a sheep-farmer from the Lowlands.

This "clearance" was one of the last, and most vicious, in the Highlands. After their houses were torn down, most were taken to Skye where they were put aboard the Sillery and sent to Canada. The helpless, old and ill were left to dig holes in the ground, forage for scraps and die like animals.

The ruins of their houses can still be seen facing the sea at Dounie, a cove which once was home to 150 people. The inhabitants cannot

Ethics today

African aid

'The trick is to encourage more outsiders to put money into non-dreadful countries'

Page III

NEXT WEEK

Between the sheets

Sleep is a mystery - but the benefits must be immense to make it worth the risk

In FT Weekend

Arts	VII, VIII	How to Spend It	IX, X
Arts Guide	XII	Motoring	XIII
Books	V, VI	Perspectives	II-IV
Bridge Chess	II	Property	XVII-XX
Crossword	II	Science	II
Ethics Today	II	Small Businesses	II
Fashion	IX	Sport	XX
Food & Drink	XI, XII	Travel	XIV-XVI
Gardening	XVII	Weekend Investor	XIX-XXX

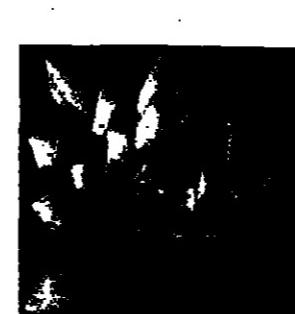


Ethics today

African aid

'The trick is to encourage more outsiders to put money into non-dreadful countries'

Page III



Monet's waterworks

'The water lilies which caught his eye were hybrids, cross-fertilised with species from America, Africa and India'

Page XVII



Plainly Paris

'The drama of outfits is now found in the details rather than the decoration. Fabric is more important than frippery'

Page IX

Highland games

The beautiful Knoydart peninsula is a test of politicians' promises to end 900 years of feudalism in Scotland, says Christian Tyler

Since 1990 it has been revitalised by a remarkable family of incomers, the Robinsons, formerly boatbuilders in Cornwall. From the road above, a 20-minute scramble down the boggy hillside brings the visitor to a settlement of houses, boat shed, holiday hostel and restaurant, all built to a standard which would put the fictional Swiss Family Robinson to shame.

In summer they take tourists round the Hebrides on their restored Danish trawler, the Eda Fransen; and organise painting, walking and diving holidays. In winter, they build boats and houses, for themselves or for others.

As incomers, however, the Robinsons are not unusual. Not one of Knoydart's residents is of local origin, even though the youngest, including three new babies, were born there. A leading activist is Bernie Eweny, the postmaster, a pony-tailed philosopher in a deerstalker hat who quotes Thomas Paine and was once a plumber in Kent. The oldest inhabitant, a crofter for 33 years, comes from East Anglia. The pub owner, a former estate manager now suing his ex-employers, is from Aberdeenshire.

The guest house is run - or will be until their imminent retirement - by a former army chef from Nottingham, Dave Marriott, and his Glaswegian wife Jan. Indeed, the immigrant nearest to being local is probably Ian Wilson, a champion shinty player who breeds champion sheep on 3,000 acres on the northern side. He comes from Fort William - and his wife Jo from Gloucestershire.

Knoydart is a cosmopolitan place where no one who makes a living is regarded as an outsider. Millionaires (and there are several) drink alongside paupers. Apart from the absentee holiday home-owners, most of these people are working hard to sustain life against the elements. The few bangers-on are regarded with disdain. "It's sometimes said we are running away from life," said Roger Trussell, a retired submariner who is one of three community directors on the Knoydart Foundation. "Wrong. We are walking away from life."

Life on the peninsula is hard and busy. There are numerous committees to be staffed, many hats to be worn and too few heads to wear them. The primary school has six governors and five pupils. There is the residents' association, village hall committee, fire brigade, forestry project, Highland Games committee, name only a few.

The solidarity of the residents has been sorely tested by events, however: by the secretiveness of recent owners, by the loss of estate jobs and the disappearance of valued friends, their failure so far to buy the land on whose borders most of them live, by the intervention of a benign but powerful broker in the person of Cameron Mackintosh and now by his withdrawal.

Democracy can be painful when thrust into a small place. Insecurity and gossip have bred envy, and some minor feuds have broken out. "The negotiations have made things political and it can be very destructive,"

said Toby Robinson, one of the boatbuilding family. "But we all get on, and we have a lot in common, far more than we might think."

Although they share a love of the place and a desire to make it work, the residents' economic interests are not all the same. Some are dependent on the estate, some not. Some are accustomed to free housing and electricity in return for deference to a landlord, others are not. Many are freeholders, having bought their houses and acres from former lairds. A few believe ownership of the estate - which has fine stalking

A few believe ownership of the estate is irrelevant. Others say it is crucial to the community's aims of economic self-sufficiency and further employment

along with dilapidated woodland - is irrelevant.

Others say it is crucial to the community's aims of economic self-sufficiency and further employment. If stalking is to be profitable, The hydro-electric power station needs repairing. Above all, land needs to be released, not for more holiday lets, but for affordable homes.

Cameron Mackintosh owns the North Morar estate across the water from Knoydart and often comes over to drink in the pub. Last year he brought his friend Peter Mandelson, the prime ministerial confidant now fallen from grace.

Mackintosh joined the Knoydart Foundation when it was set up two years ago, along with a Belgian pharmaceutical magnate Eric

Fayed of Harrods. Pop stars bought themselves castles for private revelry.

Few Highland landlords have caused the kind of trouble seen at Knoydart. Lord Brocket, a Nazi sympathiser, owned the place in the 1940s and was the target of a land grab by the so-called Seven Men of Knoydart, whose exploit is commemorated by a cairn outside the village hall.

There was Lord Hesketh and then the Crosthwaite-Eyre family. The benign rule of Major Chamberlayne-Macdonald ended in 1983 when he sold to Philip Rhodes, a property developer from Surrey, who sold on large slices of his 55,000 acres.

The 17,000 acres that remained were bought by Reg Brealey, chairman of a failing Dundee jute company called Titaghur and former

chairman of Sheffield United football club. Brealey set the residents at loggerheads when he tried to build a resettlement hostel for juvenile delinquents - known popularly as the "boot camp".

The application failed and the estate, now known as Knoydart Peninsula Ltd, passed into the hands of new shareholders. These were revealed to be Stephen Hinchliffe and Christopher Harrison, both from a failed retail empire called Facia, which collapsed in 1996. Hinchliffe is now on bail on fraud and corruption charges while Harrison is in a German jail facing fraud charges. The receivers were called in last October.

Behind this tangled web stands the Bank of Scotland, which since 1983 has accumulated a debt of about £1.5m. The residents have no sympathy, accusing the bank of betraying its proclaimed policy of "helping the community".

They suspect it of obstructing their consortium bid in favour of the financially secure Cameron Mackintosh. "It shouldn't be our job to get the bank out of a hole," said Grant Holroyd, a forester.

On Wednesday the people of Knoydart gathered in the village hall to revive their campaign. With £285,000 raised in pledges and donations added to the money promised by the two conservation trusts, they still have to find about £400,000 to realise their dream.

But, as with the winter weather itself, the window of opportunity is small. The people of the peninsula will need more than a patch of blue sky between financial gales if they are to become masters of one of the most beautiful stretches of land in western Europe, the "last wilderness".



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PERSPECTIVES

The twinkling of stars, although it adds to their charm, is a nuisance for professional astronomers. It makes it impossible for even the most powerful telescope to obtain a clear, steady image.

The image shimmers and jumps hundreds of times a second. The movements are tiny, but they blur the finest detail in pictures of planets and stars.

The twinkle is caused by the earth's atmosphere. Starlight travels in perfectly straight lines across billions of light years of empty space but the turbulence of the air in the last few hundred kilometres of its journey to an earth-bound telescope bends it about, masking images of stars.

Telescope sites are chosen to have clear air and stable atmospheric conditions - what astronomers call "good seeing". Even so, looking at a small star through an earth-bound telescope is rather like trying to spot a penny on the bottom of a swimming pool.

This is why the Hubble space telescope, orbiting above the swirling atmospheric soup, produces more detailed images than ground-based telescopes

The Nature of Things Stop twinkling, twinkling little star

Andrew Derrington explains how astronomers can obtain clear images of the planets

twice its size.

The theoretical limit on the ability of a telescope to resolve detail depends on its diameter. Unfortunately, even at the best sites, air turbulence prevents telescopes exceeding the theoretical performance of a 10cm or 20cm telescope.

Despite this limit, larger telescopes, several metres in diameter, are widely used. This is because they catch more light. They can analyse the light from faint stars and galaxies even if detail cannot be resolved.

The outlook for ground-based telescopes is improving. A trick developed during the "Star Wars" anti-ballistic missile programme makes it possible to get clear steady images for the first time.

Adaptive optics, as the trick is known, is based on a very simple idea. You measure how much the twinkle distorts the image and add an equal and opposite distortion to the image before you record it.

Putting the idea into practice is more complicated. Atmospheric turbulence changes the image hundreds of times a second. The changes can be measured using a very small, very bright star as a reference.

A powerful, high-speed computer can calculate the distortions that should be applied to a deformable mirror in the telescope to correct the image of fainter objects (test stars) near the reference star before the image is recorded.

The technique works well because the light from the reference star and the light from the test star suffer exactly the same effects of atmospheric turbulence.

The bright image of the reference star can be analysed in a few thousandths of a second and used to correct the faint image of the test star which can take several minutes to record. Uncorrected movements and distortions will blur any detail, but adaptive optics keep the image stationary and undistorted while it is recorded.

The simplest version of adaptive optics, known as "tip-tilt", simply keeps the image of the star in one place by moving (tipping and tilting) a mirror in the telescope. Tip-tilt corrects gross movements of the

image caused either by atmospheric distortion or by telescope vibrations.

The same approach has been applied on a smaller scale in consumer goods:

image stabilisation systems that compensate for trembling hands are now available in binoculars costing a few hundred pounds. Unfortunately telescope images distort as well as moving about. A complex mirror with controllable shape is needed to correct distortion.

Adaptive optics works because the image distortions can be calculated and corrected more rapidly than they change. Image sensors, computers and deformable

a way of making their own reference star. A powerful narrow laser beam of yellow light is fired into the air. The light is absorbed by sodium atoms, which sit in a layer of the atmosphere a few kilometres thick 90km above the ground. The excited sodium atoms in the laser beam emit light, forming a bright spot that can be used as a reference star.

The sodium reference star can be created in parts of the sky where there is no natural reference star. It also has the advantage that its wavelength is known. This makes it easy to exclude its light from measurements of the test star.

Adaptive optics systems are already working on several telescopes that are in the 3-4 metre class. On a good day these telescopes can claim to compete with the Hubble space telescope.

In the next two years several much larger telescopes - 8-10 metres in diameter - will install adaptive optics. Then it will be possible not just to spot the pennies on the bottom of the swimming pool, but to read the writing around the rim.

■ The author is professor of psychology at the University of Nottingham



For Nigel and Kay Glennie the new year could not have come soon enough. Before Christmas, they had to take the painful decision to write off a debt of just over £100,000 because the legal wrangling was proving too costly and time-consuming.

But there was also cause to celebrate as their company, Silk Connections, which supplies promotional gifts for the cosmetics and toiletries industry, achieved its highest turnover of £2.1m. While writing off the money leaves a bitter taste, the overriding feeling for the Glennies, as they start their 10th year in business, is relief to have put the angst behind them.

They can concentrate on an order book which promises a further increase in turnover and on two or three potential new clients.

The husband and wife team design gift ideas which they then manufacture abroad and delivered to the client to use to promote a particular product or brand name.

Last June, they delivered 180,000 cosmetic bags to Yardley. They had paid their supplier when the goods left south-east Asia two months earlier and were just coming up to the payment date from Yardley in August when it went into receivership.

Nigel, 41, recalls: "We heard it on the news and felt sick. We got hold of the receivers immediately and went in and identified our goods. But then we got caught in a retention of title dispute. We argued that the goods still belonged to us because they hadn't been paid for, while the receivers claimed they belonged to them because they had been delivered."

"Every point we made was thrown back at us. It's a game receivers play. They know small companies such as ours probably cannot throw a lot of money into disputes. So, after four months, we decided the costs were becoming too high and we had to cut our losses and drop our legal action."

"But, while it hit us badly, we will be able to ride it out."

The couple struggled against the odds when they set up. Kay's redundancy from another sourcing company in 1989 gave her the impetus to start Silk Connections,

Minding Your Own Business Hard shoulder on the silk road

Grania Langdon-Down meets a couple who design luxurious gifts to be used for promotion



Special offers: Kay and Nigel Glennie show off some of the promotional items they have designed for the cosmetics and toiletries industry

tions. She had always loved silk and decided to import it from Thailand and India.

After a year, however, she found she did not have the capital to hold enough stock to compete with the larger importers. So she started importing silk accessories to sell in gift shops. But the recession of the early 1990s killed demand for such luxury goods.

Turnover struggled along at £20,000-£30,000. Nigel, who helped

on the financial side, kept his job with a sales promotion agency.

"Then we realised it was crazy not to be focusing on what we were experienced in - sourcing promotional gifts - so we ditched the silk and went back to what we knew," he says.

Building up the client base was tough. The recession meant that cosmetics and toiletries companies were offering two products for one to use up stock rather than spending money on promotional gifts.

In 1993, two years into the promotional business, their accountant told them to give up. So did a management consultant called in for a second opinion.

"But we just nodded and ignored the advice," Nigel recalls.

The breakthrough came in the same year, Kay, 33, won a series of orders for gifts that did not require much advance financing. Turnover leapt from £25,000 in 1993 to £650,000 in 1994, enabling Nigel to join Silk Connections

full-time. Since then, turnover has gone up steadily to £1.1m in 1996 and £2.1m last year.

Their clients now include Procter & Gamble, L'Oréal, Yves Saint Laurent, Helena Rubinstein, Allied Domecq and Legoland. Most are based in the UK, but the Glennies have organised promotions on the continent of Europe, in Russia, South Africa, Canada, New Zealand and the Middle East. The average order is £25,000-250,000, but some have

reached six figures. The range of gifts includes cosmetic bags, vanity cases, cosmetic brushes, beach towels, scarves and branded tins. But they have also done three books on beauty to go with a magazine.

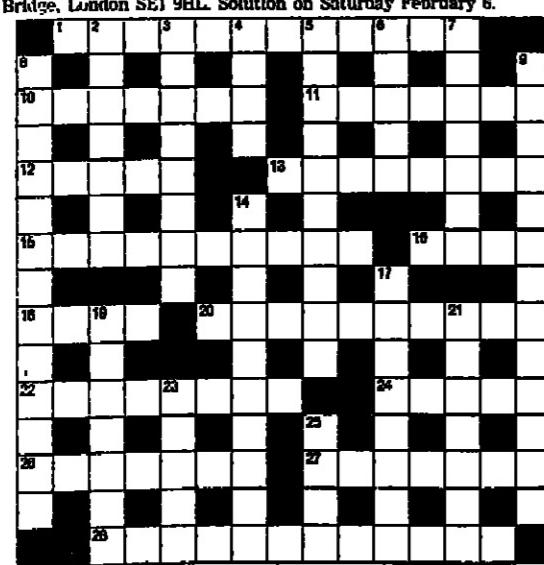
The gifts are mainly manufactured in Hong Kong, China, South Korea, Turkey and Italy and, between them, Nigel and Kay make about 10 trips a year to see their suppliers. Juggling the finances requires a steady nerve.

David Attenborough

CROSSWORD

No. 9,893 Set by CINEPHILE

The price of a matching set of finely engraved personalised notepaper, envelopes and correspondence cards on Ecu Kid Finch Paper from Crane & Co will be awarded for the first three correct solutions opened. Solutions due Wednesday February 3 marked Crossword 9,893 on the envelope, to Financial Times, Northgate, One Southwark Bridge, London SE1 9HL. Solution on Saturday February 6.



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WINNERS 9,883: J.B. Flynn, Bedford; R. Gedling, Epsom, Surrey; Mrs J. Sweeney, Southport

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ACROSS

- 1 The chicken and the weather are followed by the dogs (8)
- 10 Probably not the actual weather sounds no better than she would be (7)
- 11 I am taking a long time about my appearance (5)
- 12 We back the person about headgear or anything else (9)
- 13 Next deuce, start of play off, coming out of the blue (10)
- 14 For Indigo (4)
- 15 Time with a stone (4)
- 16 Drag Australian state to the city of City and Guilds? (10)
- 20 Many thin girls have no special object (8)
- 21 Underline in front (5)
- 22 Anteater may be chained (7)
- 23 Speculate (in old English, imagined) where intermeddles go (7)
- 24 Exponent, often general, going to re-in apricot (12)

Solution 9,894

- LOUVRE SCIMITAR
- INDO WHEEZE
- SCHOOL OF HORSE
- PAKISTANIC
- BARRINGS FIGURE
- NAME A F P D
- EVEN MINIMUM
- R D S M S L S D
- DENSITY THAI
- A P T A T S
- ESCAPE INTO
- INGHOMIN SWABD
- EEEEE ERG
- ENDURING GRADLE

Solution 9,893

- SOLDIERY PLAGAL
- PENINSULE COURTYARD
- USUALLY
- CARDBOARD ALTAR
- Y O I D A
- COITRON TRADIS
- S N D I C E
- PREMIER CASTIE
- EXTRAORDINARY
- MUTINY IN GENE
- ALLIANCE LIGHT
- IDEAL ALI LI
- DEPEDO CLAYMORE

BRIDGE

The ideal rubber bridge game should involve four charming, polite players, all with a desire to play bridge that is pushy, aggressive, and thoroughly nasty.

N

▲ A 3

▼ K J

▲ A Q 9 5

W K Q J 7 6

▲ 10 5 4

▼ 10 6 4 2

▼ A Q 3

▲ 8

▼ J 10 6

▲ K J 6

▼ 9 8 7 4

S

W 9 8 2

▼ 9 8 7 5

W K 7 4 3 2

▼ 5

Dealer: W N/S vulnerable

North East South West

Dbl 2S NB

Dbl 3D NB

4D NB SD

No one held back in the auction. West described his ultra-light 1S opener as mildly pre-emptive, and it certainly posed North a problem. He decided to double, planning to rebid no-trumps to show a balanced hand with 19 points or more.

However, when East bid 2S, North's single spade stopper was insufficient to

risk 2NT. He opted for the more flexible action of doubling again and, when South was forced to bid 3D, North raised to 4D - showing an exceptionally strong hand.

South's final bid showed great trust in his partner's calling. He reasoned that he had shown no points and four diamonds and, as he was stronger than this, he should accept the try for game.

Wisely, South did not rely on the hearts being well placed. Dummy's A6 beat West's K6 and declarer got to hand with 5+ to K+. He led 5S. West played small and he finessed with Q5, which held. Continuing the establishment, he cashed A4 and pitched a spade loser, West correctly dropping K4 - the card he was known to hold.

South, however, did not waver in his resolve and led 2S and ruffed it in hand, felling West's J4. With winning clubs in dummy, South drew trumps, and then threw his other spade loser and a heart on the club winners.

Later, he had time - and a trump - to ruff a heart in dummy. 5D bid and made the hard way...

However, when East bid 2S, North's single spade stopper was insufficient to

CHESS

Garry Kasparov increased his lead in the world rankings in the second half of last year, according to Fide's latest international list. His Indian rival, Viswanathan Anand, slipped back with a poor performance at Dortmund.

The new star is Russia's Alexei Morozov, 21, who has jumped to No 3 after a string of victories.

Meanwhile, Kasparov has returned to top-class play in the annual Hoogovens event now in progress at Wijk aan Zee, and will also compete at Linares next month. After the three rounds at Wijk, he and Anand shared the lead.

Fide ranks England's Michael Adams as world No 6, Nigel Short 11 and Matthew Sadler 17. Only Russia has more grandmasters in the top 20.

Sadler may slip back a place or two after the annual Hastings Premier, where he finished joint second behind the Bosnian Ivan Sokolov.

The Britons had their moments, notably in this game where White plays the Grand Prix Attack with 14B, a favourite weapon on the UK weekend circuit.

Black's early downfall is caused by his rash advance 75x4, which concedes outposts to White's knights (J. Plaskett v S. Shipov).

No 1287

A Cooper v M. Turner, Ful-

print York Open 1999. Murugan Thiruchelvam, who is just 10, stole the show at York by becoming the youngest ever qualifier for a national championship final, but Turner won first prize and played the best game. How did he win as Black (to move)?

Solution, Back Page

Leonard Barden

1 e4 c5 2 Nc3 d6 3 f4 Nf6 4

Nf3 g5 B5 Bd7 6 0-0 Bg7 7

d3 a5 Bc8 Bx6 9 Khl

Qd7 10 Qe2 f5? 11 Nds Rds

12 Ng5 N

PERSPECTIVES



Ethics Today

Poverty that market solutions cannot reach

Joe Rogaly says the trick is to encourage more outsiders to put their money into Africa's non-dreadful countries

If a continent could be on our conscience, Africa is it. We who live in rich countries do not like to think about the grand piano-shaped land mass that houses so many of the world's destitute people. It is tiresome the way our screens are cluttered with starving babies, merciless armies. We mutter about bringing it on themselves, and turn away.

Our habitual shrug has been deployed to ease our minds often enough, not least with this week's news that the UN's peace-keeping efforts in Angola have collapsed. Another African civil war, as in the Congo, Rwanda, and, even as we speak, Sierra Leone; there seems no end to it.

Why, you might ask, should we who snore comfortably on either side of the Atlantic lose

any sleep over this? These conflicts are taking place in remote territories, unlike former Yugoslavia, which is at least in accessible Europe.

In the US, Afro-Americans will know the answer. They are presumably as concerned about the lands of their forefathers as any other hyphenated Americans. As to Europe, the colonial legacy is forgotten, but not gone.

This is not to say that the evil dictators who have ruined so many African states since independence are blameless. Africa is suffering from poverty and bad government, not colonial vestiges. Yet the scramble for Africa, during which European states acquired empires, did more harm than good.

The period of European rule was short-lived. The white

holders of African real estate scrambled out quickly enough when it suited them. They left behind scarcely developed economies, insufficient infrastructure, low educational attainment. This is particularly true of the countries south of the Sahara and north of South Africa.

Every form of assistance has been tried since the British, French, Belgians and Portuguese departed. Most of it has failed. The European Union provides minimal aid. The World Bank has offered loans in return for specific government actions, with limited effect.

Some governments, of which Kenya's is one, have promised the same reforms many times over. Most African countries are now so in debt that their creditors might as well write off the

least collectable repayments straight away.

We know the fashionable solution. Free markets. Economic liberalisation. Unfettered trade. Many African countries are already stumbling towards such a strategy. The result is the fastest growth for many years.

I take this from Paul Collier's pamphlet*, published on Wednesday. Professor Collier completed his writing shortly before becoming director of the Development Research Group of the World Bank last year. He comes across as an advocate of tough love.

He observes that the 11 countries with at least adequately liberal economic environments (by World Bank criteria) registered 6.2 per cent growth in 1994 and 1995, or 3.2 per cent per capita. These regimes, which include

Ethiopia and Uganda, account for 29 per cent of the African population. The other 71 per cent are getting steadily poorer; economic growth is slower than population growth.

"Where policy is dreadful," he concludes, "African economies decline, where it is not dreadful, they grow." The trouble is, all

countries are seen as high-risk by potential investors. Only those with intimate knowledge of the continent, such as exiled Ugandan Asians enticed home, or South Africans, take the trouble to discriminate between risks. The trick is to encourage more outsiders to put money into non-dreadful countries.

Professor Collier believes this can be achieved if the most enlightened governments choose to lock themselves in to reciprocal free trade agreements with the EU. This would convince potential investors that they were serious about maintaining liberal trade regimes. They would become models of growth and eventual prosperity for others to emulate.

You can of course make transitional arrangements, and doubtless the successor agreement to Lomé will bristle with those. But the worst-off countries in Africa are poor in a sense that market-led development alone cannot possibly reach.

The need for schools, hospitals, clean water, decent roads, persists. Connecting Africa to the free trade web will not of itself erase those images that so trouble our moral sense.

**Living Down The Past*. IEA London. e-mail: iea@iea.org.uk
joe.rogaly@ft.com

you both feel that two equal people are marrying with the same rights and duties in the family and in working life, then you respect that people have different political views."

Despite the pressures, she says, "our marriage held, we respected each other, we continued our general debate on all issues of society – and my husband started voting Labour." We both laugh.

I ask if her political views have also shifted, for example from old to new Labour. "No, because I was always new Labour, in a sense. I tried to modernise the party. I did not feel dependent on what people had said 20 years before when I was a child."

Still, Brundtland says she stands by basic socialist values – equality, solidarity, democracy and human rights – which also underpin her aims at the WHO. "We know that health and education are really basic assumptions both for human rights and for democracy. People who don't grow up never have democratic rights and people who don't get an education cannot make choices. This is for me very basic."

The dessert menu arrives – no

The upheaval has caused considerable anxiety and stress among staff

fresh fruit but I say I can ask for some. Or she could have cheese. I plump for nougat ice-cream with fruit coulis and she decides to join me. "Ice-cream is really better than cheese."

A believer in quick transition, Brundtland has already restructured the WHO. But the upheaval has caused considerable anxiety and stress among staff competing for the available jobs.

She acknowledges the problems but says some pain was inevitable. "Change is always a difficult process to go through, especially if it has not been a routine part of the organisational culture. All the time you have to look at what you're doing, whether you're doing the right thing, whether you're organised in the best possible way. This is part of good management."

Does she see the WHO as a possible platform from which to launch a bid for the world's top international post – UN secretary-general? Although her name was mentioned on two previous occasions, she decided not to campaign actively, feeling that the job should go (as did) to an African.

In 1997, however, at the same time as the WHO job beckoned, the just-elected Kofi Annan asked her to become his deputy. "That was a difficult choice. But then I decided that I'm combining most of my professional and political experience in trying to do work at WHO." And next time around? "Frankly I think the WHO and its work so important that I will do what I can there. I don't think beyond that in any way."



Gro Harlem Brundtland: "You have to look at whether you're organised in the best possible way. This is part of good management". Jean Guyot

Gro Harlem Brundtland intends to do it her way at the WHO – as she always has, writes Frances Williams

To me lunch in Brussels means mussels and chips – but they were not on the menu of the restaurant of the Hotel Astoria where I met Gro Harlem Brundtland, three times Norwegian premier, international stateswoman and now head of the United Nations' World Health Organisation.

The WHO office in Brussels, where Brundtland was wowing the support of assorted European commissioners and Belgian notables for WHO programmes, thought the boss would enjoy lunch in the Belle Epoque splendour of the Astoria, whose past guests have included Churchill, Eisenhower and Adenauer.

And I think she did, though she was less impressed by the cholesterol-packed delights of the "chaine cuisine" menu. Did she feel under pressure to eat healthily as head of WHO, I asked, as she chose grilled plaice preceded by Parma ham and melon. No, it was just for herself, just as she insists on climbing the stairs to her eighth floor office in Geneva each morning. I went for the gastronomically incorrect poached foie gras, with scallops as the main course. We shared a large bottle of Perrier water.

Brundtland was a physician and public health official before entering politics, and she started off with no political ambition other than "making a difference" in people's lives – a slogan she has now given the WHO.

After gaining a master's degree in public health from Harvard, the young doctor worked in the Norwegian health ministry before moving to Oslo's school health service, where she observed at first hand how health is affected by social and environmental factors.

Her political break came in 1974 when she attracted public attention by campaigning for reform of the country's abortion laws. Out of the blue, she says, the prime minister asked her to

join the cabinet as environment minister – and to help pilot a revised abortion law through parliament.

Eight months later, in 1975 – International Women's Year – she was made deputy leader of the Labour party at the age of 35, and in 1981 she became Norway's first woman prime minister. Subsequently she chaired the World Commission on Environment and Development, which coined the concept of "sustainable development" and earned her kudos among environmentalists and developing countries alike.

Forceful and articulate, in her prime ministerial days she was

'I was young, a woman, I was talking substance and I had a clear voice'

sometimes likened to Britain's Margaret Thatcher, though the two were political opposites.

Did she have the same intimidating effect on her male colleagues as "Nanny" Thatcher, I ask. "Not at first – later," she laughs. "At the beginning I was young, a woman, I was talking substance and I had a clear voice." Still, she thinks it is inevitable that as long as women leaders are a rarity men will compare them with nannies or teachers as a psychological short-cut to justify an unusual situation.

As prime minister, Brundtland spearheaded a drive to achieve near-parity for women in government and parliamentary positions and has similar plans for the WHO. On her first day last July, she appointed five women among the nine executive directors who make up her "cabinet", and intends to recruit six women for every four men in the future.

I wonder whether this target is realistic, but before she rounds on me our main courses arrive, hers in the form of a yacht in full sail. She continues unmoved.

"When you start calculating what is needed in order to reach goals – which is what I always do – you see a big difference between a reasonable pace and a slow pace. If you set a target of 50 per cent recruitment of men and women from now on, it will take 25 years before you will have a balance of the sexes. If you use 60

per cent as the target it will take 12 years – and 12 years is quite a long time. The resolution of the World Health Assembly [the WHO's annual meeting] says there should be gender balance by 2005. So I have set a pragmatic policy which takes 12 years instead of seven – any other choice would not have been serious."

In any event, she says, new recruitment has barely started because, with the exception of those first appointments, the cur-

rent restructuring has begun by shuffling professional posts around existing (predominantly male) staff.

How did she herself, as the mother of four children, manage a top-flight political career? When the cabinet post was offered, she apparently asked her husband whether he could cope with the increased family responsibilities. "He said: 'I think you should say yes, I will do it, but I will do it my way.'

So Brundtland took her first

step on the political ladder and husband Arne became head of the household, a situation she sometimes found uncomfortable.

"As a mother you have strong opinions and I was not always happy with his decisions. That was psychologically the most difficult part."

More remarkably, Arne was at the time a stalwart of the local Conservative party and a foreign policy analyst advising the Conservative parliamentary group.

"In a modern marriage, where

To the sultry beat of Arabian music, the bright red Maserati shrieks a stop outside the Armani Cafe on Boston's fashionable Newbury Street.

It is an indication of how Boston has become home to more than 10,000 wealthy foreign students, whose demand for designer goods, nightclubs and street cafes has turned this New England city into one of the top venues in the US for fashion and cuisine.

As recently as 10 years ago, there were few trendy boutiques or restaurants in this student mecca, which has more colleges and prestigious universities than any other city in the country.

But thanks to the international students (nicknamed "Euro kids", though most are from Asia), big name fashion houses such as Chanel, Max Mara and Zegna have spent sev-

eral fortunes launching ritzy boutiques for them and their visiting parents.

Several up-market clubs cater to an almost exclusively international student crowd. At M-80 and Club Nicole, \$250,000 sports cars pull up, Prada is everywhere and fine champagne is ordered – New England is the biggest market for Dom Pérignon in the US – not just to sip, but to spray in wild abandon.

Do the American students resent these Euros' flash and cash?

"They're obnoxious," says a blonde sophomore attending Emerson College. "They're out." They're always racing down Newbury

Street in their expensive cars with the music blaring. And they never study! I heard they pay people to take their exams for them."

Truth or jealousy? A visit to M-80 on the Wednesday of Boston University's exam week found it as packed as ever, with no one seemingly interested in opening a book.

But Riaz Khan, Boston University's associate vice-president for external programmes, disagrees:

"We recruit students from all over the world and have certain requirements, both academic and financial. If they don't perform, they're out." Education and the need to

acquire fluent English are not the only reasons wealthy parents send their children to study in Boston. "The same people who party together in Boston will see each other for the rest of their lives during vacations at St Tropez and St Moritz," says Alain Mestal, a young Belgian commissioned by wealthy parents to manage bank accounts for their children and see to their every comfort.

Most, but not all, students appear to have unlimited allowances. For entrepreneurs, especially in Arab and Asian cultures, Alain Mestal had refused to take female clients since one of his young charges became pregnant and was whisked back

to Saudi, and an uncertain future, by her irate father.

But young women from Iran and parts of Saudi Arabia are beginning to make an appearance.

"You can see them checking out the boutiques on Newbury Street, trendy platform shoes and black leather pants beneath their black silk chadors."

While many foreign families encourage their sons to be educated in the US, this isn't always true for their daughters, especially in Arab and Asian cultures. Alain Mestal had refused to take female clients since one of his young charges became pregnant and was whisked back

to Saudi, and an uncertain future, by her irate father.

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"You can see them checking out the boutiques on Newbury Street, trendy platform shoes and black leather pants beneath their black silk chadors."

"They all have operations to get their virginity back," said one of the "aestheticians" at the posh Saks Fifth Avenue department store. "They come here and see this as their opportunity of freedom before they have to go back and marry."

According to figures from both the Institute of International

Flashing the cash in Boston

Rich foreign students have provided a bizarre boost to the city scene, says Marisa D'Vari

Education and Boston University, seven out of 10 foreign students are from an Asian country, with students from Arab countries, South America, Greece and others accounting for the rest. The financial upheaval in Asia, it seems, has had a negligible effect on enrolment.

If nothing else, international students bring a sense of style to Boston that had not been there before. With Newbury Street, the city now has somewhere that bears comparison with Rodeo Drive in Beverly Hills or Madison Avenue in Manhattan.

Although most international students go home after graduation to take over family businesses or to marry, an increasing number choose to stay and work in Boston.

As Gretchen puts it: "America is a place with unlimited freedom. Here, you can be whoever you want to be."

PERSPECTIVES



Pillows and pots all go on the block

The sale of Madame Chiang Kai-shek's US home is reviving old memories, says Mike Steinberger

To Gary Braswell, it had all the makings of a non-event. Last September, his auction house, Braswell Galleries, was commissioned to sell several hundred items belonging to Madame Chiang Kai-shek, the centenarian widow of Chinese Nationalist leader Chiang Kai-shek and herself a towering figure in contemporary Chinese history.

A preview of the sale was scheduled for December 13 at Hillcrest, the sprawling Long Island estate recently vacated by Madame Chiang, who now lives in Manhattan. Apart from a pair of ornate French chandeliers and a handful of paintings, there were few pieces of great value or significance, and Braswell expected just a smattering of prospective buyers.

What he did not know was that a number of Chinese-language newspapers and web sites had got word of the open house and shared it with readers.

The result? More than 10,000 Chinese-Americans, some from as far away as Virginia and Ohio, descended on Lattingtown, a North Shore village studded with million-dollar homes and pricey boutiques. Most were of Taiwanese descent, but there was also a big contingent of émigrés from the Chinese mainland.

Fewer than half actually made it inside the stucco mansion; those who did waited for up to four hours for the chance to sit on Madame Chiang's bed and stroll through the cavernous hallways that had held her in seclusion for 23 years.

According to Braswell, the day had a reverential tone: "They clearly regarded the house as part of their heritage. A lot of them were comparing it to Mount Vernon and saying that she is to them what George Washington is to Americans."

Barbara Liang Sang, a Taiwanese immigrant now working as a television producer in New York, was among those who made the pilgrimage to Lattingtown. Sang arrived too late to tour the house but spent several hours chatting with other visitors.

The mood, she says, was

Madame Chiang was last seen in public four years ago

have been no inquiries as yet from Taipei and though several Taiwanese-Americans have expressed interest in the estate, de Key expects the property will ultimately be divided into four parcels - the mansion will be part of the largest.

Madame Chiang's reaction to the outpouring of affection is unknown: she does not give interviews and was last seen in public four years ago. She left Taiwan for the US shortly after the death of her husband in 1975 and has maintained a cloistered existence ever since.

Attended by family members, household staff and security guards, she passed the time at Hillcrest practising calligraphy, painting and walking the heavily wooded grounds of the 37-acre compound.

On rare occasions, she received delegations from Taiwan; famously haughty, she is said to have often made guests enter the residence through a side door as a show of deference. Beyond that, it has been a quiet climax to an eventful life.

Madame Chiang, née Soong Meiling, was born in 1897 in China's Guangdong province, the fourth of six children in what is surely modern China's most celebrated and controversial clan. Her father, Charlie Soong, raised as a Methodist in the US, made his fortune

have each given more than \$1m towards the project.

Peter Anderson, the museum's executive director, is not strapped for resources. Local high-tech companies, keen to showcase their products, have been more than willing to donate exhibits. The result is an array of technological hardware that, Anderson says, is the envy of visiting directors from other science museums.

The challenge for Anderson has been to present this technology in an engaging and visually exciting way. After all, computer chips, per se, are rather dull objects and information technology does not lend itself well to

traditional exhibition spaces.

At London's science museum, in South Kensington, visitors can marvel at enormous steam engines and observe how they operate. At San Francisco's science museum, the Exploratorium, visitors can take part in large-scale experiments with light, heat, liquids and gases and in the process learn about the laws of physics.

Computer science is harder to put on display - after all, much of the point of information technology is to communicate information in new ways - ways which in part displace the traditional museum.

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difficulties: there is no child-friendly way to explain how silicon chips work, he says. What's more, most children are already familiar with the wonderful things that computer chips can do from spending hours playing games on their home computers and in arcades. How can a museum compete with that?

Anderson has made a very good job of it. Visitors can design a roller coaster and then sit in a real roller coaster car to experience what the ride would be like. In the process they learn both about computer-aided design and the laws of gravity. They can carry out a mock heart operation on a dummy

using real keyhole surgery equipment. They can direct an underwater robotic submarine, a radio-controlled Mars probe and even ride in a jet-powered seat which hovers inches above the ground and which can be manoeuvred around a model space station.

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Lord Protector, killjoy, murderer

Should we celebrate the birth of Oliver Cromwell 400 years ago? Michael Peel sifts the evidence

ton wrote about the 17th century conquest of Ireland: "It was a tragic necessity that the Irish should remember it, but it was far more tragic that the English forgot it."

Many historians argue that Cromwell was less repressive than might appear to be the case, adding that the killings in Ireland were not always carried out under his direct instructions. He acted against the Scots because they were trying to depose him.

This apparent conflict between past deeds and contemporary status is typical of the contradictions that surround Oliver Cromwell. Four centuries after his birth in 1599, he remains one of the most controversial and ambiguous figures in British history: the man who helped smash the monarchy, only to institute his own version of autocracy in an effort to retain power.

The force of his personality can still be felt in Britain today. He provides a common thread linking such apparently diverse issues as devolution, House of Lords reform and, in these days of unelected think-tanks and spin doctors, the accountability of those who wield political power. "Cromwell's influence can be felt in the whole political and constitutional running of the country," says Peter Gaunt, chairman of the Cromwell Association, a grouping of students of the life and work of the man who took the title Lord Protector.

The association and other bodies are holding a debate next Saturday to mark the 350th anniversary of the execution of Charles I, whom Cromwell helped defeat in the civil wars of the 1640s. Next week's event is part of a programme of conferences, exhibitions and historical re-enactments to mark the double anniversary year.

Chang would like to see the Lattingtown estate preserved for another reason: "The house should be kept as a museum, maybe for Chinese art. She and her family exploited the Chinese people. They took a lot in their final act, they could do something benevolent."

But Taiwanese native Philei Chao, deputy managing editor of the World Journal, America's largest Chinese-language daily, offers a more generous assessment of the Chiangs. Chao and his family were among the thousands who fled to Taiwan after the Communists won control. "There is a lot of respect for Madame Chiang as a heroic figure in the minds of many Americans," he says.

Chiang Kai-shek's democratic credentials were less apparent to others, notably his constituents. On Taiwan, he ran a highly corrupt and repressive government.

Beginning in 1947 with the

"2·28 Massacre", when

newly arrived Guomindang troops slaughtered thou-

sands of native Taiwanese,

Chiang ruled the island with a铁腕

and abolished Christmas.

Most historians argue that

this image reflects wide-

spread misapprehensions

about his behaviour. "Poor old Cromwell gets blamed for all of these things," says Ivan Roots, an emeritus professor of history at the University of Exeter. "I am always getting letters from people saying: 'Can you tell me why Oliver Cromwell blew up our castle?' If he had been in all the places he was supposed to have been

stability but it's manifestly becoming unravelled at the end of the 20th century."

If Cromwell is something of a bogey-man outside England, his image in his home country is hardly unblemished. He is commonly represented as a destroyer of towns and puritan killjoy, the man who banned maypole dancing and abolished Christmas.

Cromwell provides other lessons for a government that has been criticised for the influence it allows lobbyists and advisers. "One of the central issues that comes out of the 1640s and 1650s is the accountability of people in power," says Morrill.

"That's still a crucial issue - is it the executive accountable to people or to party caucuses? Cromwell has tremendous integrity in trying to find alternatives and running a series of experiments to create a system of government that is more just."

His plan would turn the hearts of many contemporary politicians to water. He proposed annual parliamentary polls, the election of judges and, most terrifyingly, an obligation for those in public office to answer at the end of their terms to elected bodies representing their constituents.

The contrast between such enfranchising initiatives and the notorious acts of oppression highlights the complexity of one of Britain's most significant lives. There are reports of people who will spit at the mention of the man; yet his surname was seen as sufficiently evocative to justify its use as a second world war code word to be issued in the event of a Nazi invasion.

This year's commemoration is perhaps an acknowledgement that, in England at least, the image of the people's champion has vanished. The statue at Westminster, Britain's political leaders might feel a twinge of envy at the appeal still exerted by a man who died almost 350 years ago.



Oliver Cromwell as portrayed by Van Dyck

Fun for all in Silicon Valley

Roger Taylor finds the friendly face of high technology at San Jose's Museum of Innovation

Rome has the Vatican, New York has the Statue of Liberty and Silicon Valley has rows of low-rise office blocks strung out along the California freeways.

This troubles the inhabitants of Silicon Valley. They have a highly developed sense of their place in history and have begun to notice the lack of any tangible monuments to their civilisation. The San Jose Tech Museum of Innovation, in San Jose, California, is a first step towards remedying that.

Housed in a startling blue and "mango" building, the new museum, which opened last month, has been paid for largely by the great and good of the Valley. Rosemary and William Hewlett, David Packard, Anne Noyce, widow of Robert who co-founded Intel, and John Warnock of Adobe, the software company,

have each given more than \$1m towards the project.

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using real keyhole surgery equipment. They can direct an underwater robotic submarine, a radio-controlled Mars probe and even ride in a jet-powered seat which hovers inches above the ground and which can be manoeuvred around a model space station.

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Anderson says the aim has not been to try to leave people feel-

ing they understand technology but with "the confidence that they can understand". The aim he says is not to teach but to inspire.

He says he has been at pains to avoid simply glorifying technology - a charge he is sensitive to as the museum has been largely funded by the industry. He has hired an ethics adviser to ensure that the museum raises the moral questions surrounding technology. But it is hard to give visitors a really enjoyable day out and then add as an afterthought: "remember, technology can have its downside, too".

Ethical questions are most to the fore in the section devoted to

biotechnology, and it is here that they are presented most successfully. One exhibit in particular makes the point well - a luminous tobacco plant created by putting genes from fireflies into the plant. It is an object that can convey both the power of technology and the dread of that power.

Anderson says the same scientists have now produced luminous mice. He has yet to procure some for the museum, even though luminous mice are what the museum needs. Most of the exhibits, while enormously fun, are unlikely to make an adult gasp at the wonders of the modern age.

That said, there is enough good clean educational fun to ensure the museum will be an enormous hit, particularly with children, some of whom may be inspired to invent the museum's future exhibits.

BOOKS

Black sheep of the white man's empire

Craig Raine defends Rudyard Kipling: 'an intelligent and subtle ironist'

Why is it that Kipling's criticism resembles criminal proceedings? An endless court of appeal, of apology, of defensiveness, of concession? Replacing the strenuous plea of "not guilty" is the permanent note of mitigation, of frank admission. Orwell, a coarsely enthusiastic brief, though his client "a Jingo imperialist", who was "morally insensitive and aesthetically disgusting".

Throughout Harry Ricketts' readable and cautiously revisionist biography, Henry James is

city of the British soldier. Except that it doesn't. The speaker, the looter, revels in the pillage - as psychological versimilitude demands - but Kipling is morally alert and inserts into the glib mayhem an explicit reference to the code of behaviour which is being so thoroughly flouted: "if you treat a nigger to a dose o' cleanin' rod / 'E's like to show you everything e owns" is the voice of the speaker in full spate, but this is preceded in the very first stanza by the politically and morally correct assertion that "the service rules are 'ard, on from such we are debared, / For the same with English morals don't suit." The problem with any dramatic monologue, from Browning to Alan Bennett, is to manage the irony, to facilitate, convincingly, the speaker's moral condemnation of himself. Kipling has evidently achieved the feat of plausible self-condemnation by his speaker - since the poem is more or less universally perceived as a straightforward racist gloat.

cited: "the talent enormous, the brutality deep-seated". For James, Kipling was insufficiently interested in the complications of the soul. For once, James's "merciless clairvoyance" failed him. In Kipling, psyche complication is a concentrate, a potent yet homeopathic presence, a lethal spore appropriate to the short story, whereas the Jamesian novel is a great laboratory of retorts, pipettes, flasks, rubber tubing, clamps, Bunsen burners - a great potter, a great display of complication. No wonder the disaffected Thomas Hardy dubbed James the "Polonius of the novel".

Even Somerset Maugham felt able to patronise Kipling - "the mind of a fifth-form boy at a second-rate school". Great genius - and Kipling was a very great genius - is liable to pain us as well as pleasure us. For every tick in the margin of a great work, there is a complementary morbid tic of intellectual inferiority. One way to resist this disfiguring spasmodism is to divorce artistic creation from the exercise of intelligence - like Maugham. The other is to insist on moral inferiority - the political guilt of a writer like Kipling. This double demotion effected, the reader, thus intellectually and morally elevated, can concede something to the writing. Auden called him "horrible old Kipling" in "New Year Letter" (1940) but in the previous year claimed that Time had pardoned Kipling "for writing well". Subsequently, however, the three generous stanzas from "In Memory of W.B. Yeats" were dropped by Auden - in the interests of accuracy. The charges stood. This is Kipling the war correspondent at the Boer War: "a small piece of hanging woodland filled and fumed with our shrapnel much as a man's mustache fills with cigarette-smoke." Brilliant, unforgivably brilliant. Prove this, rather than proving the pretext for a pardon, as Auden proposed, is an unpardonable provocation.

Harry Ricketts' biography is addressed to a readership which hasn't read Kipling, which is ignorant, but which knows what it disliked. There is, for instance, the poem "Loot", which glorifies and revels in the criminal brutal-

consider, too, the widely reviled poem, "The Beginnings", which Kipling appended to his extraordinarily subtle and laconic examination of the complicated goatherd soul of "Mary Postgate". The short story is an unfurling exposition and analysis of Mary Postgate's ability to live in contradiction - to hate where she loves and to take (sexual) pleasure in pain. It is a difficult, almost unpalatable, yet finally compassionate story which is not even on nodding terms with the Kipling of caricature - what Kipling himself called, humorously, "the aggressive imperialist" in fiction. The pendant poem, however, is read in the light of the caricature as a rabble-rousing call to Boche-bashing, the worst kind of xenophobia. Read neutrally, the poem is drenched in measured regret, an account of slowly conquered reluctance: "It was not part of their blood, / It came to them to make good, / When the English began to hate." What is more, Kipling knows realistically, unsentimentally, that hatred is the most enduring of emotions once embarked on.

"The Head of the District" was written in 1890, seven years after the Indian Bill which is its ultimate subject. The bill was liberal in orientation and supported by the Viceroy, Lord Ripon. One of its revisions to the Criminal Procedure Code was to invest native magistrates with jurisdiction over British subjects - including, controversially, the power to try white women. The 17-year-old Kipling was hissed in his club when the paper he worked for, *The Civil and Military Gazette*, "voted on the bill", supporting it after initial opposition.

"The Head of the District" is usually read as Kipling's comment on native ability to govern and administer state affairs competently. When Orde, the white head of the district, dies, the government appoints a Bengali as his replacement, one Krishn Chunder Datta, MA. The new Deputy Commissioner's Afghan tribal subjects are insulted by the appointment. They revolt and the Bengal panics. "I have not yet assumed charge of the district" is his cowardly response to the crisis.

So far, this reads like a narrative of administrative incompetence told by the complacent voice of Anglo-India, chortling with racist condescension. No backbone, these natives. In fact, the story can only be read in this way if the reader is as prejudiced against Kipling as he believes Kipling to be prejudiced against Indians. The rebellion is really put down by Khoda Dad Khan, an Afghan warrior loyal to the Bengal's predecessor, Yardley Orde, and to Orde's second-in-command, Tallantree. It is Khoda Dad Khan who kills the Mullah behind the uprising. In other words, it is he who is effectively Head of the District. It is he who

realises that revolt against the British is futile - a drain on human resources - and it is Kipling who realises that the English can only govern by consent of the indigenous population. Kipling knows that the Afghans rule themselves. What is more, they know it, too, and it is marked in the story by a single subtle shift. When Orde dies, he speaks affectionately to the Afghans as children: "For though ye be strong men, ye are children." Children - the standard, imperialist, patronising epithet designed to demean the dignity of another race.

Kipling, though, is careful, in his code, to mark and save this sensitivity. Tallantree and Khoda Dad Khan are discussing the Bengal's successor. Both men, fully aware of where power really lies, connive at the myth of British rule. Tallantree "thunders" at Khoda Dad Khan that his people are "children and fools", that the "Government will send you a man" to rule the district. To

which, momentarily lapsing from his part in the imperial charade, Khoda Dad Khan lets slip the truth: "Ay, for we also be men."

Ricketts discusses Kipling's racism in the context of the letters of travel in *From Sea to Sea*. He quotes several examples of Kipling's Sinophobia but is curiously equivocal about their status on one hand, Kipling is "illegitimately racist"; on the other hand, "the uneasy phrasing and tone suggested that he did not entirely believe in the opinions he was voicing". Again, he was "careful" while he sent up the Europeanised Japanese to point out his own ignorance and presumption. Exactly. In India, Kipling unaffectedly despised the Globe-Trotter whose confidence was only matched by his superficiality. Leaving the known Indian sub-continent, Kipling is explicit in his identification with the con-

temptible Globe-Trotter: if the Globe-Trotter labelled India, it was Kipling's comic role to revenge India by labelling other countries. "It was my destiny to avenge India upon nothing less than three-quarters of the world. The idea necessitated sacrifices - painful sacrifices - for I had to become a Globe-Trotter, with a helmet and deck-shoes. In the interests of our little world I would endure these things and more. I would deliver 'brawling judgments all day long; on all things unashamed'."

This is the persona Kipling adopts for opinions, though not for his incomparable descriptions. And it is this persona who comes in for frequent strictures from his professor-travelling companion: "If you think you can understand Japan from watching it at a railway station you are much mistaken". It is the Professor who says that the Chinese are "the superior race". And this is Kipling's

rueful, implicit opinion also.

Underneath the comic Globe-Trotter, there is a recognition that the Chinese are workers, unquelled by the climate. They are a force to be reckoned with. "They stand high above the crowd and they swagger, unconsciously parting the crowd before them as an Englishman parts the crowd in a native city. There was something in their faces which I could not understand, though it was familiar enough." The persona may not know more than "I do not like Chinamen", but Kipling is aware that they are rivals, they are Sahibs, as my italics show. He isn't a simpleton. He's subtle and an extraordinarily intelligent ironist. His subtlety is wished on him by stupid readers whose minds have made up a crude little notion they call Kipling.

Ricketts' biography is a stimulating read which adds a great many informative inflections to Charles Carrington's definitive, pioneering account of the life: we learn more about Kip-

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FERGUSON

Sense and sensibility

Ben Rogers on a powerful study of language and communication

We live in a world revealed to us by our bodily senses. As children, most of us will have experimented with eyes and ears, blocking one or both of these routes to the mind, imagining what it would be like to be blind or deaf. As we get older, it might occur to us to wonder, inconclusively, whether colour, smell and taste are "really" in objects, or to puzzle over the relation between the world as depicted in Impressionist paintings and the world as described by science. The more intellectually adventurous, or perhaps more frivolous, might ponder what right we have to assume that others think and experience the world as we do, or to assume, indeed, that the external, objective world exists at all.

For most of us, questions like these quickly disappear into the sand of ordinary life, but philosophers have made a vocation out of trying to think them through. They have argued about the nature of sensory experience, its relation to the inner faculties of reason, memory and imagination and its place in human thought. Some have insisted that all our knowledge is built out of the raw deliveries of sense experience, others that reason alone can work its ways to certain fundamental truths about the world. Some have maintained that we perceive objects and individuals directly, while others have contended that we apprehend them indirectly, through a veil of sense-data.

Jonathan Ree, professor of philosophy at Middlesex University

and an uncommonly adventurous and lively figure on England's dull philosophical scene, has written a book which broaches many of these old issues sideways on. *I See A Voice* is an elusive, idiosyncratic hybrid, part anthropology, part history, part philosophy. It is at the same time a fascinating, original, deeply

suggestive work, written with haunting power and beauty.

At the centre of the book lies the long and complicated story of the attempt by philosophers and educationalists to help the deaf communicate. This endeavour was a late development. It was not until the Renaissance that anyone challenged the cruel assumption that it was physically impossible for those born deaf ever to participate in language. But as Ree shows, even after the

I SEE A VOICE:
A Philosophical History
of Language, Deafness
and the Senses
by Jonathan Ree
Harper Collins £19.99, 339 pages

16th-century Spanish Benedictine monk, Pedro Ponce de Leon, first took it upon himself to teach the mute to lip-read and talk, the noble intentions of those who worked with the deaf were subverted by a complex of prejudices at once deeply philosophical and barely noticed.

Foremost among these was the view that verbal communication was superior to any other - that the voice gave unique expression to the soul, that it was god's gift to mankind, the original source of civilisation. This was why Herder believed that the deaf and dumb were doomed to remain "like children, or human animals", and his contemporary,

and hearing had, it turned out, no essential bearing on the nature of language, and sign languages proved to be neither better nor worse than spoken ones: they were structurally much the same, and given the chance they would develop into flourishing natural languages just like any others.

What, though, is the purpose of this vividly told, alternatively sad and heartening story? It is

certainly not meant as a contribution to the history of philosophy - Ree has no patience with that "curiously ritualised discipline". It is offered, rather, as a piece of "philosophical history" - a study of the way metaphysical thinking enters our practices and relations, a caution against crude philosophical prejudices.

There is more to Ree's book, though, than a study of "the byways of philosophical experience". A larger thesis lurks below the water-line, and it surfaces towards the end. Like his heroes in the phenomenological tradition to which he belongs, Husserl, Heidegger, Sartre and Merleau-Ponty, Ree denies that experience of the world can be analysed into the contributions of the five senses. On the contrary, "There is no experience that is not experience of the world: the world precedes everything else in our experience and must be present to us before we can perceive anything at all. It is only with the world and our bodies as background that we have been able to construct the metaphysical notions of sensation, vocabulary and subjectivity which have distracted and bemused us for so long."

Perhaps the most profound argument of *I See A Voice*, then, is that the deaf and the hearing, contrary to what "common sense" and philosophy have often suggested, live in a common universe - and that there is more to life than hearing, or sight, or the freight of the senses. "The differences between sight



A thrilling story of power and politics, greed and ambition, lust and money - that is, the history of tulips. In *The Tulip* (Bloomsbury £30, 439 pp) Anna Pavord reflects the same passion for her subject she records in growers and collectors of the last 400 years, mixing history and anecdotes, detail and digression with fine illustration (above, from a 16th-century Dutch florist), and includes a complete species list of "the flower that made men mad".

BOOKS



Nelson Mandela with F.W. de Klerk: history may judge de Klerk more kindly than the present has done

Imperatives of history

Throwing it all away: Patti Waldmeir on the last white ruler of South Africa

Why did the Boers give it all away? That is one of the enduring mysteries of late 20th-century history: why did white Afrikaners hand over power to South Africa's black majority, well before they absolutely had to?

It is the central question which F.W. de Klerk's autobiography

sets out to resolve. His answer may not find favour in the court of contemporary opinion, which prefers a more straightforward story of good defeating evil. But de Klerk, South Africa's last white ruler, is temperamentally incapable of telling such a morality tale - let alone starring in one. His is a much more likely story, dry and unromantic. Politics, ambition, and ethnic self-interest, steal the leading roles, with morality left to do bit parts.

But for those who yearn to understand history, in all its petty, dreary grandeur, de Klerk's book is a fascinating document. It sets out his bid for a place in history - which will almost certainly judge him more kindly than the present has done. He presents a case which is by turns cogent and candid, pell-mell and angry. It is a brave effort, but not one likely to alter the conventional wisdom, which

assigns de Klerk at best a supporting role in the drama of South African liberation.

This book tours the mind of F.W. de Klerk, with few forays to the hidden land of the heart. I would have welcomed more glimpses of the hopes and fears of F.W. the man. Still, de Klerk may be right to stop the reader looking where he seldom looks himself. For his strengths are not introspection, but pragmatism and logic; his political acts were based not on a change of heart, but a change of mind.

De Klerk traces the roots of that change back to apartheid itself. He offers a candid defence of the system of "separate development", which decreed that each ethnic group should have its own separate homeland. While admitting that it reflected the economic fears of blue-collar whites (challenged by an influx of black workers to urban areas), as well as the sheer desire to maintain white privilege, he also argues - and this is a difficult argument to win at the turn of century - that apartheid had its own moral basis.

He presents apartheid as an "idealistic mission" to preserve the rights of ethnic groups in a divided society. De Klerk and his forebears (his father was a senator, his uncle prime minister) feared that "without apartheid, our people would be swamped by the vast black majority - and that this would inevitably lead to the extinction of our own hard-won right to national self-determination."

What shook his faith in the

policy was less its immorality than its own logical inconsistencies: separate development could not cater for ethnic groups such as mixed race Coloureds, who could not be linked to a geographical homeland. De Klerk concluded that separate nationhood for Coloureds "was simply not possible", while excluding them from power "was not morally justifiable". His eventual rejection of apartheid in its entirety would follow the same pattern: pragmatism led where morality could not help but follow.

What shook de Klerk's faith in apartheid was less its immorality than its inconsistencies

Still, de Klerk tells us little of the mental debate which preceded his decision to scrap apartheid and release Nelson Mandela. He says simply that he woke up one day "with a clear idea of what I must do - almost as though my subconscious had all the while been sorting out my ideas and arranging them into a logical whole." He offers more insights into strategy than motivation.

Much of the book is like that: it focuses on the "how" at the

expense of the "why". De Klerk offers few insights into the process which led him from advocating what amounted to a white veto to the insists this was not his goal, but his fight for "consensus power sharing" would have meant a *de facto* white veto, to accepting majority rule. He did much to prevent majority domination, by imposing US-style restraints on the balance of power between the executive, judiciary and legislature, and between the centre and the provinces. But once he had handed over power, the ANC began to call all the shots.

The book demolishes any notion that Mandela and de Klerk were drawn together by anything other than the imperatives of history. The two men were never friends, and de Klerk complains at length about the treatment meted out to him by Mandela, who, understandably, found it hard to forgive his white predecessor for human rights abuses which occurred during his watch. But de Klerk insists again and again, that he was not responsible. Mandela can argue that this ignorance was wilful, but it was understandable under the circumstances: de Klerk feared to defy a security system which he could not control, and which could have sabotaged the whole transition.

In the end, history may give de Klerk full credit for his role in one of the most positive political events of the 20th century. But it will take its leisurely time doing so. Sadly for him, this book will probably not help.

Fiction

Life in the days of three kindred spirits

The Hours refracts the lives of three women through the prism of a single day. Virginia Woolf, exiled from her beloved Bloomsbury to Richmond after a nervous breakdown in the 1920s, is trying to begin her new novel, *The Hours*, which will eventually be published as *Mrs Dalloway*. Clarissa Vaughan, fondly named "Mrs Dalloway" by her lifelong friend Richard during their awkward affair 30 years ago, is buying flowers in 1990s New York for a party she is giving to celebrate Richard's winning a poetry prize. Laura Brown, a housewife in 1940s Los Angeles, gleans time

-between nurturing her son Richie and preparing a special cake for her husband Dan's birthday - to slip away and read more of *Mrs Dalloway*.

Michael Cunningham evokes these three discrete characters with a rare skill.

Their lives resonate with association as the author explores ideas of duty, sexuality, aesthetic creativity, the fluid boundaries of physical and mental health and the ultimate solution of suicide. His prose evokes the nuances of atmosphere and impulse that affect each

character's capacity to be satisfied with the world, whether it is Virginia tentatively blocking out her new novel, Clarissa's easily shattered delicacy as she negotiates the robustness of New York, or Laura assessing the imperfections of her amateurish cake.

The slightest rupturing of mood - a comment not made, an arrangement of flowers - dislocates each of them and throws each into stasis, which can give the novel a sense of being effortful and whimsical. Yet the characters' common struggle to cope with their limitations, regrets and private catastrophes lends *The Hours* a gravity that outweighs the seemingly insignificant problems confronting each woman.

Virginia Woolf's stream of consciousness in *Mrs Dalloway* polarised her characters' interior thought with

THE HOURS
by Michael Cunningham

Fourth Estate £12.99, 280 pages

exterior action, instead of allowing the one to predigest the other. This technique is cleverly re-invigorated in *The Hours* so that minor incidents bloom

anchors this misleadingly light novel. Clarissa recalls with wistful hindsight her youthful desire for Richard, ardent with fumbled ignorance: a kiss and a walk, the anticipation of dinner and a book, that led nowhere. "There is still that singular perfection, and it's perfect in part because it seemed, at the time, so clearly to promise more." Clarissa's predominantly gay circle has been ravaged by Aids, much as Woolf's generation coped with the trauma of post-war illnesses. Richard's suicide mirrors that of the shell-maddened soldier in *Mrs Dalloway*, another generation which fell victim to the popular misunderstanding of "new" illnesses.

Yet the Aids and depression that destroy Richard and Virginia remain pivotal to their creativity. "Everything is infected with

brightness." Virginia winces, in neat contrast to the previous scene of Richard's shadowy, shuttered, invalid's room. Even headaches touch the sardonic humour of Virginia's dimmed imagination: "She might see it while walking with Leonard in the square, a scintillating silver-white mass floating over the cobblestones, randomly spiked, fluid but whole, like a jellyfish. 'What's that?' Leonard would ask. 'It's my headache,' she'd answer. 'Please ignore it.'"

The references to Woolf's life and writing in *The Hours* are numerous and sophisticated, and Cunningham's gently intellectual prose would stand dissection by lovers of her work. His publisher claims that knowledge of *Mrs Dalloway* is not a prerequisite, but I feel - and feeling is the operative medium of *The Hours* - that singular perfection, and it's perfect in part because it seemed, at the time, so clearly to promise more.

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Joan Smith
tells the
strange story
of jazz pianist
Billy Tipton

There can be few greater shocks than the discovery that your father, who has just collapsed at the breakfast table, is a woman. This is what happened to a teenage boy in January 1989, when he summoned paramedics to the trailer park on the outskirts of Spokane where he had been looking after his father, an elderly jazz musician. Feeling for a heartbeat, one of the ambulance crew turned to the boy and asked the question which exposed a lifetime's deception: "Son, did your father have a sex change?"

Not long afterwards, Billy Tipton was pronounced dead at the nearest hospital. His son - the use of the pronoun raises immediate problems, as it does throughout this excellent biography - was left not just to grieve but to puzzle over the glimpse he

SUITS ME:
*The Double Life of
Billy Tipton*
by Diane Wood
Middlebrook

Prago £10, 326 pages

had had of his father's naked body. "I had no thoughts - just looked up at the sky, thinking it was some hallucination from drugs," William said later. "If my father had lived as a woman, she would have had big breasts."

As it happens, Billy Tipton was a woman, and she did have big breasts. From the moment she embarked on her long imposture, she never allowed anyone to see her undress, and she kept her chest tightly bound to support a rib fracture she had sustained - so she claimed - in a car accident.

During her long career as a musician, all of it carried on in male disguise, she married or lived with five women and adopted three sons. According to Diane Wood Middlebrook, professor of English at Stanford University, at least one of these women knew that her "husband" was a woman.

Two of them, she says, made love with Billy for years under the impression he was a man. One of them, in a move which speaks volumes about the way in which sex was kept literally under wraps in the 1950s, even consulted her doctor to find out why she had not become pregnant. Wrongly told she was infertile, Betty Cox married again after the break-up with Billy and went on to have children. It is a tribute to Middlebrook's powers of persuasion that so many of Billy Tipton's friends and intimates were

willing to talk to her, including "two former Mrs Tipons" whom she thanks for "their sense of the ridiculous, and for not flinching before the subject of sex".

Dorothy Lucille Tipton, who successfully reinvented herself as Billy Lee Tipton, was born in Oklahoma City in 1914. A talented pianist, she quickly realised that women did not get very far in jazz bands unless they were vocalists. Aged 18 and unable to get a job, she announced she was going to an audition dressed as a man - and got the job. "She didn't cry or go round asking for help," said a cousin who helped create the disguise. "She chose it out of absolute necessity."

Billy Tipton was not the

If my father had lived as a woman, she would have had big breasts'

only woman who chose this route to make a career in a man's world. But in the course of Middlebrook's biography, the impression gains ground that necessity chimed with inclination, providing Billy with more than just a useful professional identity. Life on the road, as leader of the Billy Tipton trio, brought her into contact with singers, dancers and fans with whom she quietly flirted. But how convincing was the imposture? Middlebrook's interviewees are split on the subject.

It was common knowledge among musicians that Billy was female, according to Wayne Benson, a bass player

who worked with Billy

between 1938 and 1939. "It was just one of those things. She dressed as a man and she played good piano. Really, no one thought anything about it around here, that I know of." So was anyone really taken in? What makes it difficult to believe, with hindsight, is Billy's appearance in photographs. They show an androgynous young man evolving into someone who, in spite of a man's haircut and clothes, has round cheeks and markedly feminine features.

This is especially true of the cover of one of the few records Billy made, on which he sits at a piano, smiling shyly at two women in low-necked dresses. So the reaction of Betty Cox, on discovering that her late husband was a woman, is revealing. Asked whether sex with Billy, who used a prosthesis, was different from sex with the father of her children, she found it hard to judge. "I can't say that passion wasn't there with Billy, because it was." But Betty also said that "my brothers would have killed me if they'd thought I was married to a woman!"

This suggests a more complex response on the part of Billy's intimates than simply knowing or not knowing. It also supports Middlebrook's conclusion that, in this case at least, gender identity did not play the fixed role we are accustomed to expect from it: "Playing a sequence of roles historically reserved for the 'opposite' sex, Billy demonstrated by her accomplishment that gender, unlike sex, is in large part a performance; she was the actor, he was the role." Billy Tipton may have spent his life fearing exposure, but he/she could not have wished for a more perceptive or sympathetic biographer than Middlebrook.



Lesley Glaister: snappy chapters with cliff-hanging endings

A pile-up of horrors in deepest Norfolk

There's something nasty in the prefab, but Lesley Glaister hides its horrid nature from us until the very end of this odd, dark novel. Writing in the tradition of Barbara Vine, she has created a thriller that explores the chilly, imaginary world of a psychotic youth driven by rage and need, and maps the way that severe emotional damage inflicted in childhood festers to produce a terrible revenge.

Different strands of narrative tie together the present and the past, the internal monologues of the

main characters. Short snappy chapters with cliff-hanging endings propel the action forward, keeping the pages turning along with the wheels of the plot.

SHEER BLUE BLISS
by Lesley Glaister
Bloomsbury £15.99, 283 pages

Connie Benson, who hasn't touched a paint brush for many years, has suddenly been rediscovered, in her highly eccentric old age, as a fine portrait painter, and has been given, somewhat improbably, a retrospective exhibition at

the National Portrait Gallery. At the age of 16, Connie, orphaned by the war, had been seduced by Patrick Mount, one of her guardians. Patrick becomes her lifelong mentor and lover until the day he mysteriously disappears, while Connie blossoms into a self-taught painter producing works of genius.

Patrick is a visionary whose esoteric theories about the sexual and healing energies of plants lead him to produce a series of elixirs, something like the Bach Flower Remedies, that take the initiate along the seven steps towards ultimate bliss. Unfortunately, the driven and disturbed young Tony, a follower of Patrick Mount, is convinced that he must get hold of the elixirs to save himself, and breaks into Connie's lonely prefab in deepest Norfolk. All kinds of violence ensues, and then ensues again, as the story spirals wildly off into a mix of horror, farce, and *grand guignol* and *Cold Comfort Farm*.

The book vibrates with energy. The great strength of Lesley Glaister's writing is her suggestive power.

whether she's summoning the sights and smells of a Brixton street, the interior of

Connie's shell-filled and

ramshackle hovel, the sharp sugary frothiness of bath foam in a posh hotel

bathroom, the details of smart clothes shops staffed by sneering assistants. She has an exact and sensual relish of food, writing evocatively about cooking fish curry, stripping off the

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Monet's misty, shimmering Thames, his most sustained engagement with the problem of suggesting light and atmospheric mood: 'Houses of Parliament, Sunlight Effect', 1903

ARTS

Monet and money

The Monet exhibition is about much more than art. It is also, inevitably, about money. It has to be, given that the retail value of the paintings on show at the Royal Academy is estimated at around £200m, making it one of the most valuable shows ever staged in London.

It is also about saving the Royal Academy. Two years ago the RA had a deficit of over £3m, the consequence of some lacklustre exhibitions and a crooked finance man. This has since been reduced to £500,000, and by the end of the Monet exhibition in April the RA should be showing a healthy surplus.

The Monet is costing £1.8m to present, but it should raise the RA's turnover this year from £1.5m to over £2m. The profit will be devoted to mounting a more adventurous programme and preparing for the RA's takeover of the Museum of Mankind building at its rear when the museum returns to its roots in the British Museum.

With a record 600,000 visitors expected at £5 each (and 150,000 tickets already sold), the Monet is big business. Fortunately for the Royal Academy it has two good friends that are helping it take care of some of the irrationally costs, such as transportation and security.

Monet is being sponsored by accountants Ernst & Young, which has done well in terms of raising its profile and attracting new business, by backing shows by Picasso, Cézanne and Bonnard at the Tate. The Monet is its biggest venture yet, and in terms of straight fee to the RA and additional expenditure on entertaining and promotion, must be costing around £1.2m. The pay off, on top of publicity, is a succession of parties at Burlington House.

The other great supporter of the show is the Government Indemnity Scheme, which covers the insurance costs of works of art travelling to the UK for show in non-national museums – the big national galleries get automatic cover. If the aircraft carrying the Monets from Boston had crashed, if one is stolen or damaged, the GIS, administered by the Museums and Galleries Commission, picks up the bill.

The scheme, introduced in 1980, saved museums an estimated £5m last year and without it there would be fewer impressive exhibitions in the UK. In 1998 it covered around 127,500 items in 95 venues. There were no claims; there rarely are. The Monet exhibition is its biggest risk to date.

The Monets, many of which are not protected by glass, pose special security problems. The size of some canvases, and their value, also meant that they tended to be flown over individually, which was nice for the curators. Boston who by tradition accompany a painting, even if it is in the hold.

But, with so much revenue expected from Monet – from catalogue and post card sales, from the signing up of new Friends of the RA, from merchandise – the RA can afford extra security staff. The administrators of the GIS, or rather the government, can sleep easy.

Antony Thorncroft

Last great flourish of a serial artist

At the Royal Academy, William Packer marvels at the results of the older Monet's obsession with water and light

Monet in the 20th Century, the latest Monet blockbuster which takes us through the last 26 years of his prodigious career, has been breaking all records in Boston, and looks set to break all records here. But, as blockbusters go, it presents no daunting prospect of an overwhelming and unassimilable mass of work. Rather it is clarity itself, beautifully hung in thematic sequence, room by room, as it takes us with the ageing master as he settles to his final, essential subjects.

I saw it in the late stages of its preparation, on a greyish day, and was lucky enough to find his large group of paintings of the Thames at Westminster, of the early 1900s. It only by the natural daylight that can still be one of the glories of the Academy's great galleries. I hope that advantage is not to be altogether thrown away, and the lights throughout at least kept low, if not off, until dark. But set them bright or dim, the visitor will still get his money's worth, and more.

Monet had bought his country home at Giverny, in the valley of

the Seine above Rouen, in 1890, when he was 50, but it was not until 10 years later that the alterations to the house and studio were complete and the gardens he had laid out beginning to mature. But through the 1900s, with such groups as the Rouen Cathedral facades, the Poplars and the Haystacks, he had established his habit of working en plein air, and had already begun to return compulsively to the image of the bridge across the lily-pond at Giverny. The pattern of practice which was to dominate his heavens...

Monet's misty, shimmering Thames, though, was not at Battersea Reach, but at Waterloo Bridge and Westminster, seen from across the river at St Thomas's Hospital or his balcony at the Savoy, his palaces the Houses of Parliament, and his *campanile* the factory chimneys on the South Bank. If the eponymous "Impression: Sunrise" (1872) of the first Impressionist Exhibition, with its loose and delicately evocative handling, is an uncanny prefiguring, his Thames paintings stand as his most sustained engagement with the problem of suggesting light and atmospheric mood, as seen and felt at a distance across an expanse of water. Dreaming of Turner, remembering Whistler, he was concerned, cities on and of the water. He loved London in winter, caught at that moment, bright or dim, the visitor will still get his money's worth, and more.

Monet had bought his country home at Giverny, in the valley of

clothes the riverside with poetry, as with a veil, and the poor buildings lose themselves in the dim sky, and the tall chimneys become *campanile*, and the warehouses are palaces in the night, and the whole city hangs in the heavens...

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but, with the Palazzo facades, seen across the Grand Canal, their tops lost above the frame, we find him now dropping his eyes to their reflected bases and to the nearer surface of the water, just as he had at Giverny. Had he visited Venice in the 1900s, as with Rouen Cathedral or the riverside Poplars, the towering facade against the sky would surely have been the image. But now, with fewer and fewer digressions, the essential preoccupation is becoming clear.

Monet becomes, in short, the painter quite simply of light and water, of water as the medium of light. The surface-plane is registered by what floats upon it; the light by the reflections in the water as in a mirror; the inner space of the murky depths by whatever can be glimpsed within. There it all is in the great "Nympheas" canvases of the 1910s and '20s, reduced to the essential elements of painting: surface, space, light. The space comes nearer as the eyes dip lower, the horizon vanishing high above the picture

frame. We move into a closer pictorial space, hedged-in and ever more abstract as local features grow more generalised and indeterminate. And as Monet's eyes grow weaker, so the paintings grow larger, and the statement broader, looser.

But they do not grow any the less controlled, which is the miracle of Monet in his great old age. Spontaneity continues as to the exact degree of his blindness, but he painted almost until his death, at 86, in December of 1926. And in the large, simple, majestic water-lily ponds in the final rooms at the Academy, and the vast decorative schemes at the Orangerie in Paris that occupied his last years, we see nothing weak or flaccid in the statement, for all the personal doubts and anxieties he expressed. The mark may be delicate but it is also strong, broadly suggestive in the description, but precisely judged.

In these late works most of all, we look to the mark as mark and to the paint as paint, and to the all-enveloping experience of the work itself. In this we discover and experience one of the great liberating moves in 20th century painting, and it is the great para-

dox of modern painting that Monet at his most radical and influential should be so popularly accessible. It is the nicest coincidence that the Jackson Pollock retrospective comes to the Tate in March to overlap with Monet – the master of Abstract Expressionism who survived the pioneer by a mere 30 years.

But if Monet shows what paint can do, he also reminds us, in his constant return to the motif that obsessed him, the lily-pad floating upon the translucent surface of the water, that great painting may also still be about the perceived reality and experience of the world. Nowadays we take the impressionists for granted, scornful at once of their conceptual simplicity and the indulgent richness of their effects. Monet reminds us that to chase the chimaera, seeking to fix the *petit sens* of mundane experience, be it only the sight of murky green water, the leaves reflected in it and the pads that float upon it, is the bravest thing.

Monet in the 20th Century: The Royal Academy of Arts, Piccadilly, London W1, until April 18; sponsored by Ernst & Young.

Young directors with a talent to entertain

Television/Christopher Dunkley

Several questions might occur to anyone who has been watching the short films in the BBC's Best New Director competition, shown in the BBC2 series *The Talent*, which concludes this evening (11.35) and is followed tomorrow (11.15) by the judges' discussion and the announcement of the winner. For instance: given the value that so many of these tyro directors get out of monochrome, why do we normally see so little original work on television in black and white?

Secondly, not long ago a depressingly large proportion of films in any

competition such as this would have concentrated on low life and squalor, but that has not been so this time. True, we had alcoholism in *Duck* and a repellent old man, played with wonderful loathesomeness by Tom Bell in *Spitting Distance*, but generally the tendency of young directors to take the camera and head straight for the gutter has been resisted.

Does this reflect a change in society at large, or is it that

today's beginners, in an increasingly competitive business, have a shrewd idea of which side their bread is buttered?

Above all, given the talent that these films have displayed – not only in direction but in writing, editing and all technical departments – and given the tedious repetitiveness of the vet and cop series which occupy so much time in mainstream television, does

it not seem a dreadful shame that BBC2's admirable efforts are not extended to bring us much more individual and experimental film drama in the normal schedules?

Organising these screenings and the £1,000 award is, of course, worthwhile. Better still, however, would be a scheme to continue to encourage and display the sort of work that these people have been doing as a regular exercise. Experience suggests that they are more likely to find themselves fighting for work on the fringes of the cinema industry or forced into accepting work on soap operas than to be asked to continue with the sort of material shown here.

Having served on many programme juries over the years, I am glad I don't have to make the decision this time because the standard has been consistently high. After watching 13 of the 14 contenders (I missed *Suburban Psycho*) my own shortlist, in alphabetical order, would be: *Closer*, *First It's Dark, Jumpers, Queen's Park Story, and Wet And Dry*. The first, *Closer*, which was unusually written and directed in partnership by

Billie Eltringham and Simon Beaufoy, shows a decidedly modern romance between a supermarket shelf-stacker and a female night security guard. Too often short films by new directors have striking moments but lack shape, and humour is scarce. *Closer* has very definite

The tendency to take the camera and head straight for the gutter has been resisted

shape, bags of humour, and looks as though it was conceived as a short film, not as notes towards something bigger.

In Jon Love's *First It's*

Dark, scenes from a man's life flash before us as he has a heart attack. This is one of the entries that makes

strikingly effective use of monochrome sequences.

Jumpers is a somewhat

bitter comedy written by

Colin Bateman and directed by Konrad Jay, about a man

with no job whose attempts to buy his daughter a cuddly toy for Christmas are stymied by a department store. He decides to jump from a window only to find himself joined on the ledge by the manager, the store's Father Christmas and, eventually, the policeman sent to talk them down.

In Barney Cokeliss's

gloriously coloured *Queen's*

Park Story, a student selling ice-cream in a London park

falls in love with a young woman who is painting

pictures of the park, and takes advice on wooing her from the animals – squirrel, pigeon, owl – who natter on like something out of Disney. *Barnies* of the lot, though, is John McKay's *Wet And Dry* in which a wizened old mummy – like a shrunk version of the thing from *The Curse Of The Mummy's Tomb* – hunts desperately for any means of relieving her dryness: moisturisers from the chemist, rising damp experts from the yellow pages, and so on. She ends up with a plastic surgeon doing a version of Wilson Kepell and Betty's sand dance in a crypt lit by flaming torches. Completely batty and highly entertaining.

Park Story, but it will come as no great surprise if the judges opt for something else entirely. Those who switch on at 11.35 tonight will be able to see *Queen's Park Story, Small Deaths, Suburban Psycho and First It's Dark*. Not a vet or a policeman in sight.

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ARTS

Flaps, stress and tears - but the band plays on

London orchestras are overworked and underfunded: Channel 4's fly-on-the-wall series about the Philharmonia sets out to win sympathy, writes Richard Fairman

Something is afoot down in the woodshed. The leader of the first violins has had a few brushes with the world's great conductors and now he is eyeing the wood-chopper. "After a hard day with the orchestra," he says with a wicked grin, "you pretend a piece of wood is the conductor's head, and then you do this" - crunch!

Heads certainly rolled the last time cameras were allowed in to one of the country's top arts organisations. Within two years of the documentary series *The House* barely any member of the Royal Opera House's senior management was still in their job, vindicating those who believe that government-funded arts organisations should keep their heads down.

Maybe the next fly-on-the-wall arts series will be different. Tomorrow evening at 8.00pm, Channel 4 screens the first in a series of three hour-long programmes looking at life in the Philharmonia, one of London's four leading orchestras, which have been pretty well ignored while the Royal Opera House has been monopolising public attention.

A lot of the incidental events will seem familiar to those who watched *The House* - there is the statutory flap when an artist can-

celts at the last minute (Luciano Pavarotti pulling out of the Verdi Requiem) and the union meeting held during recording sessions in Paris has a similar air of brinkmanship - but the stories from the shop floor tell quite a different tale.

It has been common knowledge

'In London, orchestral leaders aren't found growing on trees, they're found hanging from them'

for years that the London orchestras are overworked and this series sets out to win sympathy for them by putting a human face on the problem. We see Mike the clarinettist under stress from the punishing schedule; viola-player Carol regularly driving hundreds of miles home after the evening concert to kiss her children goodnight; and another viola-player, Mike, wrestling with alcoholism and a thrombosis in his shoulder caused by the pressure from his viola. As Christopher Warren-Green, the leader of the orches-

tra, comments: "In London, leaders aren't found growing on trees, they're found hanging from them".

Maybe 10 years ago there would have been similar stories to tell, but whoever in the music business you talk to, there is agreement that life in a London orchestra has been getting progressively worse. Although none of the orchestras has actually gone under, a policy where survival is the main objective is hardly going to keep London in the running as a world-class city for the arts.

It takes an outsider to make the point hit home. Ligeti, one of the grand old men of 20th-century music, is present in Paris for the performances of his opera *Le Grand Macabre* and an interviewer corners him to talk about the Philharmonia. "It's a good orchestra than?", he asks, posing one of those questions that expects the answer yes (the voice-over has consistently plugged the "Phil" as "one of the world's great orchestras"). Ligeti scratches his head and mutters reluctantly. "Used to be", explaining how the players have become overworked.

The most pressing implication of the orchestra's excessive workload has been the slow haemorrhage of its best players. By the end of the third programme in

this series, filmed over a period of six months, we have watched the Philharmonia lose its principal clarinet, the leader of the second violins and its head of sponsorship. They are generally going off to a less stressful life elsewhere, even if that means moving to an orchestra with a lesser reputation, the BBC orchestras being a common refuge.

Unlike the Royal Opera House saga, there is no suggestion of mismanagement here. The orchestra is self-governing and the painful responsibility of having to take the hard decisions can be read across the face of every player as they learn there will no pay rise again for the year ahead (cue the tearful Adagietto from Mahler's Fifth Symphony). When one player pleads in desperation for a co-principal to share his workload, the Players' Council closes ranks: balancing the books has to come first and that is not easy.

To uphold its reputation and attract audiences the Philharmonia knows it has to hire top soloists and conductors, but the fees being offered in rival European cities courtesy of German and French taxpayers are astronomically high. To underline the point, the narrator introduces us to "the much sought-after and expensive Christoph von Dohnányi" and James Levine "proba-

bly the world's most highly-paid maestro".

It is a measure of the topsy-turvy world of orchestral financing that it often costs more to hire a world-class conductor for the evening than it does to pay the entire orchestra. Having celebrated negotiating an all-time high fee of SF250,000 for a single concert, the Philharmonia ends up losing the contract because the evening would not break even once the conductor's fee was taken into account.

The truth is that the Philharmonia's success in becoming a major fixture in Paris and Salzburg, as well as securing residen-

cies on its home turf in London, Bedford and Leicester, has been a triumph of determination and ingenuity in the face of unequal odds. Whether the management and musicians can keep up such a frantic pace of travelling and playing day after day simply to survive is the question that remains unanswered at the end of the final programme.

How can the London orchestras fight their way out of sweatshop corner? It seems unlikely they can export the British way of doing things, when their European counterparts are comfortably off with life as it is. And it is no good turning to the US for

moral support: some American orchestras have stumped up enormous sums to lure the music directors they want - look at Pittsburgh or Chicago. As for any British government offering European-style grants or American-style tax incentives, the prospects do not look encouraging.

One day economists may look back on this little local problem as an experiment in what happens when free-market principles try to operate in an environment dominated by foreign subsidised competitors. Come along now who wants to put their head on the block first?

Defiant in the face of classicism

Nicholas Powell reviews two Molière productions in Paris

Written hastily in 1665 to give his troupe something to stage after *Tartuffe* had been banned, Molière's *Don Juan* has always been one of his least frequently performed plays. Long considered Jerry-built by purists because it defies the unities of time and place sacred to classical French theatre, this tale of defiant atheism and ultimately soul-destroying debauchery leaps from one scene to another as carelessly as its hero moves from one skin-deep encounter to the next.

Drawing freely on a French tragicomedy and an Italian farce, both of them inspired by the original Don Juan in *El Burlador de Sevilla* by the Spaniard Tirso de Molina, Molière's play is also one of his most derivative.

All that, plus the fact Molière wrote for and acted in a close-knit troupe himself helps explain why *Don Juan* is faring so well in the hands of the 30-strong Footsbarn Travelling Theatre, a company set up 25 years ago in Cornwall and stationed since 1990 in a farm in the middle of France.

Playing at the Athénée Théâtre Louis Jouvet in Paris until February 13, its

Don Juan is the fruit of much improvisation by actors evidently used to working together; there are no star turns and no imprint of any one director on this production. Nor do we have any crisp classical diction: the actors' accents haul from as far apart as Cornwall, Arizona and Schleswig-Holstein. True, Don Juan himself (none of the actors' names features opposite the roles on the programme) does have difficulty getting his tongue round the trickier vowels, but the accents do not matter. Given the actors' acute sensitivity to all the ironies of the text, they even enhance the play.

The scenery is both minimal and highly atmospheric, with its black drapes, occasional lanterns and the odd prop. But it is the mass of inventive business that really fills the house, including well-performed acrobatics both on-stage and off. Musical snippets lend a strange, melancholy atmosphere to the piece, smooth over scene changes and heighten certain exchanges. The scene between the peasant couple Pierrot and Charlotte, for example, followed



Soul-destroying debauchery: members of the Footsbarn Travelling Theatre company in their inventive production of 'Don Juan'

Marc Engelman

by the latter's bittersweet seduction by Don Juan, is vastly entertaining. *Comédie dell'arte* stickup by the servants at Don Juan's final, fatal supper, meanwhile, ensure that an otherwise jumpy series of entries and exits flows smoothly.

Indeed everything about the most familiar scenes is fresh: the appearance of Don Juan's stricken father urging

him to repent gains an urgent power from the pent-up hatred displayed between the two men. Elvira's pleading to the same end, which can so easily tip over into mere sentimentality, has muscle, too: Don Juan faces eternal damnation and Elvira, having forgiven the wrong he did her, deeply desires him to be saved.

From this point on, the

sins of the impenitent lecher become those of arrant spiritual blindness and pride. His descent into hell - "It will never be said, whatever happens, that I am capable of repentance" - is played to the full, with Don Juan clutching the Commander's hand (an actor on huge stilts) in a blaze of light and tongues of flame - silk streamers are billowed upwards by a wind machine.

The Comédie Francaise, of course, started out as Molière's theatre, and he died only hours after starring in *Le Malade Imaginaire* on an armchair now plausibly preserved in a glass case. His *George Dandin*, originally performed as part of a Royal celebration at Louis XIV's Versailles court amid ballets and fireworks, is running until February 28 at the Théâtre du Vieux-Colombier, the Left Bank house used by the Comédie Francaise.

Directed by Catherine Hiegel, an actress with the troupe, in a classically correct yet highly original way, the production is also a delight. Cuckolding, social climbing, the deceitfulness of women, the heartless

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BBC-bashers take note: there is still something right about an organisation that can produce *Visions: the Music of Olivier Messiaen and Blue Jam* in the same week.

The former was Radio 3's celebration of the late composer, broadcast from various London venues in

one of the BBC's now legendary weekends devoted to a single figure. Without trespassing on my music colleagues' territory, I can

only admit to finding it the sort of enterprise the corporation does well, a justification of the licence fee and of Reithism.

Blue Jam is another matter. A surreal hour after midnight on Radio 1, served up by the perpetual *enfant terrible* Chris Morris, it has the logic of a black, sexually explicit Lewis Carroll. Faintly hallucinatory ambient music links

monologues and sketches that probe the intellectual armpit. A woman fantasises about her husband coming home after being gang-raped "by street pools"; she is soon eagerly "aching for a f**k". Another item dealt with a menacing phone-call. "I've murdered your daughter, Mr Barfield... I strangled her and I enjoyed it... I'm evil, Mr Barfield." The caller is mocked for not being as wicked as his famously sadistic father, and eventually sulksily agrees to help retrieve the corpse from the gravel pit.

If much of the material

seems calculated to *épater les bourgeois*, some of it is very funny. Morris's deadpan way of applying the banal tones of vox-pop and documentary to outrageous premises pays off, as in the parents trying to get their children into an over-subscribed school by rubbishing the other applicants. They report a rival three-year-old to "incinerating a live crow" - or it may have been a squirrel. "I think he drives a car as well." They get their

adolescent young woman advised smashing the formulaic in favour of being "weird and wacky". Chris Evans said "The future of television is radio". A zonked-out Scouse accent declared there would be no need for radio if we had a chip in the head and all we had to do was think to get a station. Peter Hall had a warning: "Make sure you're not obsessed by what you think the audience wants."

Excellent advice. Take it to heart, Birt, Boyle et al.

Companionship of various sorts dominated Radio 4's airwaves last week. *Spoken Cuz* was inspired by Canadian Alexandra Sellers' book on teaching yourself cat language, intended as spoof but amazing its author by being taken seriously.

The same thing seemed to have happened to Monday's programme as to whether it was meant to be funny or not so deadpan as to be blank, a characteristic not unknown among the feline species. The singer Lynsey de Paul counted 17 different sounds in one of her cat's exclamations - "Hamlet's soliloquy" - while an American therapist, trying out feline grammar from the Sellers book, was bitten by her hitherto placid pet.

Friday's *Little and Large* was about anorexic Kerry ("hanging over five stone but I think I look 30 stone") and compulsive eater Tina. They had met through the Eating Disorders Club and are fast friends, sharing little triumphs of eating control. Tessa Watt's production was marred only by an excess of real life noise, the sort of background that swamps radio *verité*. Gentler and more profound was the companionship in Radio 4's morning serial, *Iris*, John Bayley's coming to terms with the illness - Alzheimer's - of his wife, Dame Iris Murdoch. What a falling-off was there, but what a coming together and what an understanding.

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*B*lue Jam featured fleetingly in *FOR - The Future of Radio* in Friday night's experimental slot on Radio 4. Producer Peter Floryright gave us a sound kaleidoscope: snatches of drama, news, sports commentary, music and applause framing unidentified but identifiable voices of the great and good opining away. Maureen Lipman reminisced about Radio Luxembourg, Peter Hall recalled Tommy Handley, Saturday Night Theatre and "the wonder of the Third Programme". An

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Let there be white: the colour of panache

Holly Finn marvels at the wonders Anne Fontaine weaves with a white shirt

White is the colour of whimsy or wealth," says writer Alexander Theroux. Although it might be considered washed-out, it is more often spotlit. Take the "white telephone movies" of 1920s, 1930s and 1940s Hollywood. Greta Garbo or Joan Crawford, swathed in an ivory gown, plucking the ivory phone from its cradle and deigning, with smone-delicate ivory fingers, to take or make a call - now, that was luxury.

"It's the colour of summering, of leisure, the colour of panache," Theroux says. The author of two forthcoming books - one about white, one about black - he should know about hue. Colour in both its absence or presence, either black or white, he says, has always been considered stylish, sexy, appealing. "It's the loud colours that are from Iowa."

Well, you can't get much further from Iowa than Paris, and you can't get much more stylish than Anne Fontaine. Walk into one of her Paris shops and you'll realise you don't have to sit through the couture shows to get a taste of exacting French style.

Fontaine's fascination is with the great white shirt. While others ignore this staple, treating it as a dull necessity - at best something to bulk-buy - she has paid both the colour and cut close attention. By seeing the white shirt's potential, she has buoyed it up and out of the boring depths back into luxury.

Fontaine is French, but was born in Brazil, where she lived until she was 14. "The white in Brazil is a very important colour," explains her husband and partner Ari Zlotkin. "It gives you *bombeu* (happiness, good luck, good fortune). She brought that from her country."

Coming across Anne Fontaine's



Say adieu to button-down: organza ribbon-tied at the front and at the wrists is sheer and suggestive. £79 or FF750

selection of shirts for the first time, you know your luck is in. Most are displayed folded, with tissue and a small pouch of dried pink flowers tucked inside, like thoughtfully wrapped presents. Others hang in rows, as crisp as freshly washed, air-dried sheets on a perfect Provencal clothesline. There is white, white everywhere, in all its variations.

Since starting her own line and opening her first shop (in St Germain) in 1994, Fontaine has been strictly - even obsessively focused on her masterwork, the

variable - the sleeve length (long, short or in-between) or button type (brushed gold, satin-covered, shell, ceramic - or perhaps a ribbon closure).

But then, it is the idiosyncrasy that prompts you to choose one shirt over another, just as you pick one person over another. And after considering the entire universe of singular, feminine, embroidered, pleated, lacy white shirts, there is no chance you will leave indifferent. With one of them, you're sure to fall in love.

If, for instance, you are the conservative kind, you might just be drawn to your opposite. In both cotton and stretch cotton, Fontaine makes a shirt with crackling cuffs and collar that, surprisingly, ignores buttons. Instead, it laces up the middle and coaxes you to interpret liberté quite daringly.

This day-to-night top is part of Anne Fontaine's perennial collection - you can always find it. Other styles are introduced seasonally. In April for summer and in September for winter, Fontaine is now broadening beyond shades of pale, into cream and black, but still she offers nothing Iowan. Her shirts are resolutely French, by turns reserved and risqué.

Fontaine's is a subtle, eye-widening spectrum. If you're bored with her whites, you're bored not just with dressing but with life.

Anne Fontaine Locations:

□ 50 rue Etienne Marcel, 75002 Paris Tel: +33 1 40 41 08 32 (FF700-FF750)

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□ Minami Aoyama Minato-Ku, Tokyo

Beautiful ways of getting the pip

A family business in the wine-growing area of Bordeaux is exploiting a pharmacological discovery, says Nicholas Faith

From the wonderful people who brought you the French Paradox - drinking red wine improves longevity - now comes something just as magical. The winemakers of Bordeaux have discovered that grape pipes themselves can be extraordinarily beneficial.

In the 1980s, Daniel Cathiard, who had built up the small chain of supermarkets he inherited from his father

into a major group, and his wife Florence, who had a stressful job in a Parisian advertising agency, were tired of the strain. They moved to a chateau called Smith Haut-Lafitte, south of Bordeaux. There, at the university, Professor Joseph Vercauteren had made an important discovery.

Vercauteren knew that grape pipes contain OPCs (oligomeric proanthocyanidins). As even American research

ers - who don't like finding anything good in wine or even grapes - have to admit, OPCs are thousands of times more powerful than Vitamin E.

E had previously been considered the most powerful ingredient in skin care creams used to combat the activity of free radicals. These atoms, triggered by light, pollution, cigarette smoke, or simply stress and fatigue, cause decay in any-

thing with which they come into contact.

They are responsible for making butter go rancid, fruit go bad, cars go rusty - and for shrivelling the cells in your skin. As a result, they are responsible for four out of every five wrinkles on your face.

Until recently the OPCs and other polyphenols found in grape pipes could not be used to help fight free radicals because they lost potency when exposed to air. But researchers, led by Vercauteren, at last managed to harness the valuable qualities of the OPCs so that they could be used as the basis for restorative skin-care products.

And, as the medical journal *The Lancet* has pointed out, these naturally occurring polyphenols are superior to the alternative, usually synthetic ingredients generally used in anti-wrinkle creams and the like. But you need a lot of pipes to fight free radicals - a full ton to produce a kilo of polyphenols.

In 1993, Mathilde, daughter of the Cathiards and her other half, Bertrand Thomas, met Vercauteren. The next year the professor patented his discovery and a new company called Caudalie was formed under the direction of Mathilde and Bertrand, who had been learning the business by working

for cosmetic companies.

In July 1996, they launched their first three products, using pipes only from noble varieties of grapes, like the sauvignon and the semillon, which grow at Smith Haut-Lafitte (they use white grapes as the pipe from black grapes are harvested for the production of red wine).

Today Caudalie offers a wide range of products. The best-seller is an eye contour cream. For the face and neck, there's a buffering cream, a face mask and a cream mask and two creams intended to counteract



Bertrand Thomas and Mathilde Cathiard (above) who run Les Sources de Caudalie next to the chateau Smith Haut-Lafitte (below)

wrinkles. For the body there's a lotion and an exfoliating scrub for getting rid of those pesky dead cells.

All are based on grape pipes. The only exception is a facial beauty lotion used hundreds of years ago for Queen Isabella of Hungary, and rediscovered by accident at Bordeaux. It contains balm, rosemary and mint.

The list of famous women happy to get the pip by the day - it includes Carla Bruni, Isabel Adjani, Princess Caroline of Monaco, and Isabelle Juppé, the wife of Alain Juppé, former French prime minister and now mayor of Bordeaux.

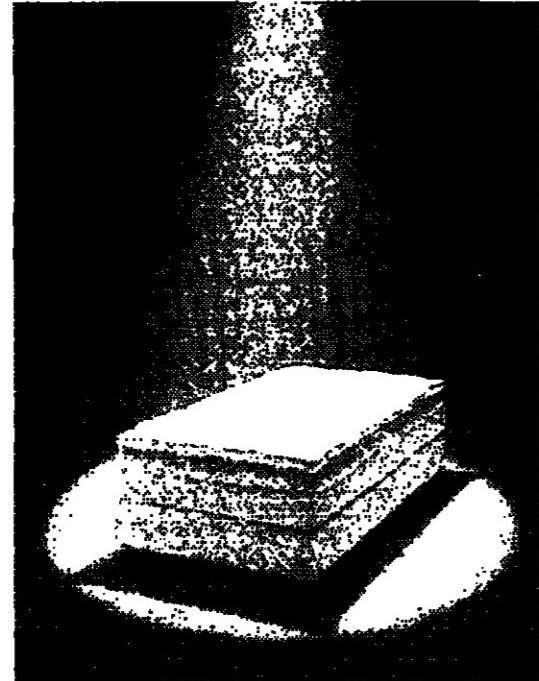
Last year, Bertrand, Mathilde and the Cathiards opened Les Sources de Caudalie - a hotel, restaurant and treatment centre next to the chateau. Stay there and you can experience such exotic delights as a barrel bath using "micro-explosion chilled grapes and essential oils for anti-ageing" followed by "wine and honey wraps for detoxifying".

If this proves not to be a barrel of laughs you can recover - in the Frenchest of ways - by eating meals prepared by a chef whose restaurant, *La grand' vigne*, boasts two Michelin stars. Because, creamed or fermented, grapes are good for you.

□ Caudalie products are available in the UK from branches of Space NK (mail order tel: 0870 1699999).

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white:
panache



New man Ian McKerracher: he has changed the cumbersome name of the Restaurateurs Association of Great Britain to the Restaurant Association Jason Orton

Aussie who speaks for British restaurateurs

Nicholas Lander meets Melbourne-born Ian McKerracher

For the past two decades an influx of Australians has been filling positions in British restaurants as managers, chefs, waiting staff and sommeliers. With the appointment of Melbourne-born Ian McKerracher as chief executive of the Restaurant Association, which represents more than 2,500 British restaurateurs, this invasion seems complete.

McKerracher comes to the job with the right credentials – to start with, he eats with gusto. Over lunch he smelt the bread before eating it (always, I was once told by a top baker, the right way to judge bread) and tucked his napkin firmly into his collar before trying a confit of hare.

"My love affair with food and wine started as a barman at the Two Faces in Melbourne 25 years ago. It was then the restaurant in Australia with Herb Schneider cooking and Anders Ousback as maître d'."

"Anders would keep a small drop from the bottles he had served and at the end of every evening we would have a blind tasting. I made a fool of myself most nights but I learnt quickly."

In 1988 McKerracher came to Britain, from which his grandfather had emigrated, and began a series of jobs, initially running a wine shop and then becoming an inspector for Egon Ronay Guides, a stint which included a survey of all the country's motorway service stations. In 1986 McKerracher met chef Marco Pierre White and went to work at Harvey's in Wandsworth, south Lon-

don. "White was then cooking the most exciting food in the country," McKerracher explained, "and I still think he is one of the most naturally talented chefs I have ever met. But after three months I could not stand the tension, the volatility. It made me ill."

Once recovered, McKerracher set out on behalf of the AA, the British motoring association, to report on all the two- and three-star Michelin restaurants in

I got the worst food poisoning ever but there was no way I could turn back'

Europe. This trip proved memorable – but for the wrong reasons. "We planned the trip in two legs and had booked every top restaurant month in advance. A few days into the second leg I got the worst food poisoning I have ever had but there was no way I could turn back. I was driving, stopping every 30 minutes and then going to eat in restaurants I had always dreamt of but now simply could not enjoy."

McKerracher returned to restaurant management, initially most successfully with Antony Worrall Thompson at 190 Queen's Gate, then less so at B Square in Battersea. "We were so confident," he confessed, "that we thought we could overcome a

lousy site. We couldn't. And the final straw came when one lunchtime a bath overflowed from the flat above and the ceiling fell in on a table of 14 including several journalists. It was the wrong sort of publicity and the signal for me to quit."

McKerracher was about to return to Australia when this job materialised. "I jumped at it," he said excitedly, "not just because it is a business I love but because the timing was right. Restaurants are thriving and an integral part of the British way of life which they have never been before."

British restaurateurs have to change and respond accordingly, McKerracher believes, but whether he, or anyone, can coerce them into a unified body is questionable. Restaurateurs are invariably preoccupied with daily pressures and are often too hard-pressed to ponder the industry's long-term structural challenges and problems.

McKerracher's first steps have been in the right direction. He has changed the name from the cumbersome Restaurateurs Association of Great Britain, with its clubby overtones, to the snappier Restaurant Association. He is beginning to redefine its priorities to make it more relevant and attractive to the big players in the market, such as Whitbread, the brewer, which now owns 850 restaurants. His ultimate goal is to turn it into an effective lobbying group fulfilling the same role for its members and their customers as the successful National Restaurateurs Association of America.

"Running a restaurant today is not the simple operation it once was. Nor, from a customer perspective, are the issues simply food, wine and service. Short-term I am concentrating on six main areas but only one of them, the impact of the European working time directive, affects restaurateurs alone."

"The others, sensitive areas of service charges and smoking in restaurants, Britain's anachronistic licensing laws, the increasing use of genetically modified food and the need for more highly trained staff, are all of equal importance to restaurateurs and diners."

McKerracher is negotiating with the Department of Health to secure a voluntary agreement restricting smoking in certain areas of restaurants rather than an outright ban, which he believes would lead to substantial restaurant closures.

He is also strongly in favour of his association accepting and implementing the government's proposed minimum wage. This is despite the fact that it would mean a continuation of the questionable practice of restaurants automatically adding an "optional" service charge to the bill. Together with the Hospitality Training Foundation McKerracher is also instigating a new training scheme, Modern Restaurant Apprenticeships, to attract train and retain young chefs.

Come what may, McKerracher knows when he will have had enough of his job, confessing: "When I smell a wonderful dish and no longer consider that this job is Paradise I will know it is time to stop."

Being a traditional cook, I tend to adhere to the old adage about serving feathered game in the lead-up to Christmas and furred game afterwards.

For me, this is the season for feasting on venison. When I was growing up, it used to be wild red deer from Scotland, regularly sent south by train by kind friends after careful hanging: strong meat, sometimes tough, but always full of flavour.

The farmed and parkland deer now stocked by growing numbers of supermarkets and butchers is, as Ronald Eden points out in his gem of a book, *The Sporting Epicure* (Kyle Cathie), "a very different animal from the wild deer of forests or the red deer of Scottish hills."

Wild deer may be as much as 10 years old, in need of marinating and long slow cooking to tenderise it. Farmed deer is invariably killed young. Do not make

Cookery / Philippa Davenport

Forget feathers, it's time for fur

the mistake of marinating young meat, for what is gained in tenderness is lost in flavour.

"Much pleasure in food has been lost in the craze for youth and tenderness. The latter should be sought but flavour is often sacrificed in that search. This warning is pertinent. Much venison now sold in our shops tastes more like beef than venison. Not only is it young but it seems, virtually speaking, to be unhung. If subjected to a marinade, the venison flavour is dissipated further."

Yet many cooks persist in marinating any venison that comes into the kitchen, following recipes handed down from earlier generations without adjustment to take into account the provenance of the meat they are cooking.

Eden is equally thought-provoking on the subject of fat. "As with undivided care, there is too much regard for leanness. Wild deer that have lived well may have

layers of exterior fat.

"As it is cooked the flavour of the meat will be improved by that fat. The flesh of deer from farm or park, though ostensibly free from fat will, because of the idle life the animal has led in contrast to the wild king stag, be suffused with fat that is not readily visible. Fatness and leanness can be misleading terms."

The recipe that follows is a good one for a fork supper party, the sort of informal entertaining that seems to me just right for this time of year. Everything can be – indeed must be – prepared ahead, to bake off when needed. Or, as I discovered when I last cooked it, the dish can be completely cooked a few days in advance, frozen and reheated for serving.

I suggest a salad of chicory, watercress and corn salad afterwards, with good breads, cheeses, jugs of celery and baskets of walnuts to crack; then a fine apple tart and cream.

Venison under a roof (serves 8-10)

have assumed here that you will be using farmed or parkland venison, which is in need of flavoursome additions.

Shoulder is a good cut. Buy it from the butcher in a slab and cut it into generous bite-sized chunks. Stewing venison, whether sold loose or pre-packed, is nearly always diced too small to be appetising. It looks mean, and the smaller the pieces, the more the flavour is liable to leach out into the gravy.

If you have access to wild and not so juvenile venison, hang it well, marinates it in red wine vinegar and port for a couple of days before cooking and extend the initial cooking time by an extra hour or two, or more as necessary. Add the extras only when the meat begins to tenderise or they will have collapsed to a mush by the time the venison is done.

Quantities: 1.75kg shoulder of venison (trimmed weight); 400g small shallots or button onions; 300g prunes; 500g small flat mushrooms; 250g frozen chestnuts; 150g to 200g very thick cut streaky bacon; the zest and juice of 2 oranges; a generous bunch of thyme; 1½ teaspoons coarsely ground fennel seed; 2-3 teaspoons finely chopped or grated ginger; 1 litre red wine vinegar; 1 litre beef stock (or canned consomme).

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small, fry it briefly and add it to the casserole, along with the zest and juice of the oranges, the thyme leaves, fennel, ginger, some salt and black pepper.

Fry the mushrooms in the fat that remains in the pan, adding a little extra fat if necessary, and reserve on a plate.

Deglaze the pan with the port and wine vinegar, letting the mixture boil up vigorously. Pour it into the casserole, and add about two-thirds of the stock, which should be boiling hot.

If you have access to wild and not so juvenile venison, hang it well, marinates it in red wine

vinegar and port for a couple of days before cooking and extend the initial cooking time by an extra hour or two, or more as necessary. Add the extras only when the meat begins to tenderise or they will have collapsed to a mush by the time the venison is done.

Quantities: 1.75kg shoulder of venison (trimmed weight); 400g small shallots or button onions; 300g prunes; 500g small flat mushrooms; 250g frozen chestnuts; 150g to 200g very thick cut streaky bacon; the zest and juice of 2 oranges; a generous bunch of thyme; 1½ teaspoons coarsely ground fennel seed; 2-3 teaspoons finely chopped or grated ginger; 1 litre red wine vinegar; 1 litre beef stock (or canned consomme).

For the roofing: 450g semolina; 1.6 litres semi-skimmed milk; 50g butter; 2 bay leaves; 125g Parmesan cheese; 2 eggs.

Lay a circle of greaseproof paper directly on top of the ingredients, cover tightly and transfer to the oven.

Cook at 150°C (300°F) gas mark 2 for 2 hours. Reduce the temperature to 125°C (250°F) gas mark 1 and continue cooking until the meat is good and tender, maybe a further hour or more.

Drop the frozen chestnuts into a pan of boiling water and boil for 4-5 minutes to defrost and part-cook them. Drain well. Sauté the shallots in a little fat to brown the surface nicely here and there, and begin to soften the centres.

Soak the prunes in the remaining (cold) stock. When the venison is done to your liking, stir these three items into the stew, cover again and set aside overnight.

Cut the venison into generous bite-sized chunks. Dust these in well seasoned flour, a small batch at a time, and fry in a smidgin of hot fat or oil until coloured all over.

Transfer to a large flameproof casserole. Dice the bacon quite

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Tokay / Giles MacDonogh

The king of wines and wine of kings

Tokay wine stockists

- Barry Bros & Rudd (0171-306 9800)
 - Corney & Barrow (0171-251 4521)
 - Hugh Johnson Collection (0171-481 4912)
 - Justerini & Brooks (0171-483 8721)
 - Lee & Sandeman (and branches) 0171-376 4787
 - Reid Wines (01761-452545)
 - Tanners (01743-234500)
- Prices range from £15 for the blue label to £78 for the 1983 Aszú Essencia (Berry Bros).

porcelain was produced. In Hungary there was also tokay, "the king of wines and wine of kings", a nobly sweet wine which had once been a sine qua non at the northern courts.

Hungarian wine was not included in the Comecon internal bartering system, but Russia rather than the west was the major customer when it came to tokay. As the Russian tooth was sweet, and Russian's fondness for strong drink legendary, the state-owned Bor Kombinat, or wine cooperative, rapidly learned how to take the shortest cuts. Instead of relying on the natural sweetness of the shrivelled Aszú plus berries, beet-sugar was added. The wine was then topped up

with alcohol before it was dispatched to its thirsty admirers across the Carpathians.

Possibly as little as 10 per cent was properly made. Some of this was retained for important party members in Hungary, while the rest went west, where it was generally possible to get the best tokay during the long communist years. For ordinary Hungarians, however, Aszú had become a byword for nastiness.

After 1989 the Tokay Hills attracted a certain amount of interest from foreign investors. The Kombinat had owned only 80 per cent of the tokay production, and there was a handful of small growers, such as István Szépsy, who had continued to make his tokay the old way. One of the curious outsiders was the wine authority Hugh Johnson, who, knowing what tokay had been in the past, was anxious to see if it could have a future.

Even before the curtain was breached, he had enlisted winemaker Peter Vinding-Diers. Vinding-Diers was a Danish nobleman long domiciled in the southern

graves of Bordeaux, and therefore no stranger to the mists and moods which go to produce the world's greatest sweet wines. They formed a venture which was to become the Royal Tokay Wine Company we know today.

It is inspiring to see Johnson and Vinding-Diers in Tokay during the harvest. I had dinner with them at Lebú, a restaurant on the River Bodrog. After the plates were cleared, Johnson began to explain the effects of the mists which rise from the Tisza and Bodrog rivers and which provoked the development of *borty's cseresznye* – or "noble rot" – in

Royal Tokay spurns dry and semi-sweet styles to concentrate on the luscious wines which made the region famous.

The next day we went out to the vineyards to inspect the remaining grapes on the vines. The crop was going to be small. Down in the cellars Royal Tokay's winemaker dismissed a local woman who had brought him samples, telling us they were of the "third quality" and therefore unacceptable.

The high point of the day was a tasting in Royal Tokay's glorious old cellars. Before the last war these vaulted galleries were owned either by great magnate families or by Jewish merchants. The latter chiefly perished in Nazi camps, the landlords fled at the Russian approach. Now French insurance companies seem to have taken their places.

We tasted Royal Tokay's 1990, then the 1981s and 1982s. The best of the 1981s I found to be Nyula's (although I wouldn't savor at the St Tamás), which has the advantage of being ready to drink now. The 1982s need more time. St Tamás seemed to win by a neck here, but the Nyula's was also delicious.

FOOD AND DRINK



A doubter recants: the US diner lives!

It is still possible to wander the roads of America without setting foot in fast-food country, says Nicholas Woodsworth

There is something about the great open spaces of the American west that makes a man want to eat. I have not driven more than 15 miles down the Interstate-70 from Denver airport, in fact, before I pull into the parking lot of a Denny's. Denny's is just one of the dozens of national fast-food chains by whose beacon-like signs American travellers navigate their way across the continent.

I decide on a light snack and order a Belgian waffle I have eaten waffles in Belgium before - they are delicate, appetising little things, garnished with a fine lace of Chantilly cream. But the object that is placed before me does not look little, or delicate, or appetising. It does not even look edible.

It is the consistency, as much as the enormous, overhanging size of the thing, that alarms me. The waffle itself, almost a foot across, lies submerged under a swamp of viscous matter that I take to be blueberry jam. Towering above its surface, are stiff whorls and jagged ridges of ersatz whipped cream. The whole thing looks like a primitive anti-tank device.

Whisky in the jar in Rajasthan

Giles MacDonogh tries the hot and spicy cuisine of eastern India

Indian food is complicated by many factors, not least religion and caste. It is commonly held that Hindu food, for example, is vegetarian, but in reality this only applies to the brahmans. In Rajasthan, many of the peasants would still be too poor to eat meat with any regularity, but they would not refuse it if it came their way.

As for the "Untouchables" at the bottom of the pile, they, if anyone, control the swarms in tiny, hairy pigs which pick over the rubbish in the towns and villages, and rumour has it they eat them too.

The Marwari are vegetarians, not because they are Hindus; they are not, they are Jains. They were originally business and finance men to the Rajputs, the warrior caste which composed the nobility and kings of Rajasthan. Their cooking has a style all of its own, as I discovered in a Marwari household in Calcutta, the city where many live today.

Marwari cooking manages to shun meat while avoiding the notion of healthy eating which goes with it in the west: it was some of the richest - and certainly the most delicious - vegetarian food I have ever eaten.

The Marwaris have mostly quit Rajasthan and now run businesses all over the world, although the Jain presence is still felt in heavy restrictions on hunting. Most of the cooking you come across there today is Rajasthani or Kshatriya, the warrior

I make up my mind there and then. Enough of plastic, cardboard and polystyrene. Enough, too, of the packaging. From now on, fast food is out.

But I am forced to ask myself, can today's traveller in the USA actually survive on the old, tried-and-true highway stand-bys - diners, roadhouses, small-town restaurants and cafés? Do such places still exist?

I am not sure. As I drive westwards out of Denver, I realise I must take up the challenge.

The 19th Street Diner, Glenwood Springs

I feel ashamed for having ever doubted the durability of one of America's great institutions. The diner lives! Here in Glenwood Springs, Colorado, surrounded by vinyl. Formica and chrome, baseball-capped truckers gather every morning to eat breakfast, talk last night's game and get caffeinated-up for the day's long haul.

There is, of course, the usual sudden silence that descends death-like on the room when a stranger like me walks in. Such silences, as everyone knows, are *de rigueur* in the best of diners. But I am far too interested in the

proceedings behind the counter to care.

I swivel about on my stool and crane, goggle-eyed, towards the short-order cook. Dressed in shorts, T-shirt and construction boots, his long pony-tail protruding from under a chef's hat, he is so vast that his belly protrudes well out over the griddle he is cooking on.

But it is the size of the break-

fasts he is assembling that are even more astonishing. They are Brobdingnagian. The two thick builder's bricks he shovels on to a platter turn out to be French toast. The discs of tree-trunk he is frying are slices of ham. My own breakfast of eggs and bacon comes with a serving of hash browns the size of a slag-heap. In today's competitive America, I am beginning to realise, it is not just the chains that serve Whoopers. All road food is big food.

Burger Boy, Cortez

Another surprise. Tradition, style and an old-fashioned sense of romance are not dead in the hamburger world yet. At least, not in Cortez, an isolated farming town near the New Mexico border where time stands still.

For the Burger Boy is what all

drive-ins used to be. There are no loudspeakers barking questions, no exhaust-butching queues outside a drive-in window. Of course, cars are still involved, for that is part of burger mystique.

You simply park, and if you want to impress your girlfriend, you flash your lights. There, lo and

behold, a car-hop is standing outside with an order-pad and a pen. And if the place is crowded - and it usually is - you have quite a lot of time to fool around before the car-hop is back with a tray which is ingeniously attached to your rolled-down window.

Nifty, huh? Three-quarters of Cortez's dating high-school couples think it is, anyway.

He rips meat from a bone with his teeth. For some reason an image of Saint Sebastian comes to mind

The Candlelight, Monticello

There are times on the road when one longs for a little more sophistication than the Burger Boy can offer. The Candlelight Restaurant sits on the edge of the desert in southern Utah, and from the outside looks like a barn or warehouse. Inside, though, a thousand little details straight from a Laura Ashley catalogue - floral curtains and floral bows, floral carpets and floral wall-paper - speak of no effort spared to make this the most refined little supper place west of the Mississippi.

But not even Laura Ashley can compete with the down-home bonhomie of the rural west. "Hi, guys! How ya doin'?" hawks the young waitress who welcomes and seats new arrivals. It does not actually matter if the guests in question are young men, mixed couples, or elderly women - in this part of the world they are all guys, and they all have guys' big appetites.

I order the \$13.95 T-bone dinner. Included in the meal is soup, multiple visits to the salad bar, a fresh-baked loaf of bread, baked potato with sour cream, corn on the cob, and dessert. The steak hangs over the plate - more than

1lb of prime, grain-fed, prairie beef. "You want more fixins from the salad bar?", my waitress asks as I stumble up from the table, groaning. I decline, and tell her with luck I might just make it to the car.

"We got a tractor to haul you out there if you can't," she says. As I say, no effort is spared at The Candlelight.

The Silver Spurs Saloon and Grill, Grandy

There are no pickled eggs sitting in jars on the counter beside me at the Silver Spurs. I wish there were. Instead, there are two mean-looking hombres with lank hair and tattoos on their biceps. They are here, deep in the forests of the Rocky Mountains, for the opening day of that most sanguine of sports, bow-and-arrow elk hunting.

They may like their pleasures big and hearty, but after a solid week's worth of road-food I must admit to a hankering for something fresh and green and light. I have eaten Tex-Mex and southwestern and Navajo. I have eaten in chilli parlours and pizzerias, in rib-houses and ranch chuck-wagons. My cholesterol count is off the metre and my bottle of pink, stomach-soothing medicine - the truck driver's friend - sits almost empty in my glove compartment. From the waitress I order a large green salad.

"You ain't from around here, are you?", says one of the neanderthals, looking at me askance a few moments later as he rips meat from a bone with his teeth.

For some reason I have an image of the arrow-peppered body of St Sebastian in my mind.

"What makes you think that?"

I say, nonchalantly, brushing a wisps of grated carrot from my mouth.

No, I am not from here. But at least I have proved to myself that I can still travel around here, that I can wander the roads of America without setting foot in fast-food country.

I enjoy eating in odd, unexpected places beside the highway. The food may not make it into Michelin, and there is far too much of it. But it is more fun and more varied than anything the national franchises can serve up. Whenever you see those endlessly replicated fast-food signs out on the interstate may point, the one-of-a-kind places by the roadside will show you a more interesting continent.



Spice of life: a boy selling freshly ground spices at the market in Udaipur, Rajasthan. North Indian chefs tend to be critical of the spicing there, and find the food too hot

Nicholas Woodsworth

caste, which includes a clutch of Rajasthani rajas and maharajas.

Hunting used to be the chief occupation of the Rajputs - clear from the lovely old miniatures of the Jodhpur or Deogarh schools. First catch your antelope, bear or quail. There was little elaborate preparation, and Rajput cooking is dismissed as one of the most basic in India. Typical of the style is the simple Rajput barbecue called *sousla*.

This is generally made from "mutton" or goat, although I had fish *sousla* too and the recipe works with chicken. The *tikka* pieces are marinated in curd, and a *masala* of turmeric, coriander powder, kachuri gourd, red chilli, ginger and cloves. Sometimes, one elderly nobleman told me, they added whisky, but that did not surprise me in Rajasthan.

Whisky appears to play an important role in diet.

The favourite Rajasthani curry is *lal mass*. A dark confection of goat meat, garlic, onions, ginger, coriander and chillies.

The quantities of meat consumed are small and there are always plenty of vegetable dishes. Another recipe I was taught was *safaid aloo* or "white potatoes". Whole, peeled potatoes are cooked in clarified butter or ghee. At the same time a *masala* is added to curd, consisting of ginger, coconuts, onions, salt, poppy seeds, cinnamon, cardamom and coriander powder. Red chillies are added whole.

North Indian chefs tend to be critical of the spicing in Rajasthan, and find the food too hot.

Likewise, *balti* are popular. They are hard balls of wheat dough looking a little like a macaron. They are generally baked in cow dung. I was threatened with a sampling of these in the villages, but in the end my host prepared some in her tandoor oven.

Certain staples manage to transcend class and caste divisions. Rice is not so common in this arid land and corn is made from maize, wheat or millet. A porridge is cooked from coarsely ground maize to which ghee is added. This Rajasthani polenta

seems to be as appreciated in peasant hovels as it is in palaces.

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They should "smile" or "weep". The smile is the little weeping to the side, while the weeping alludes to the tears of ghee. They are usually crumbled into dal,

and as such they are the very basic unit of Rajasthani food. In summer they can be moistened with yoghurt flavoured with saffron, cardamom seeds and ginger.

Puddings generally consist of one or other form of *halwa*. Spinach and bottle gourd were two of the best. A positive *tour de force* was one made from carrots, oranges, raisins and almonds, which was *sodden* with ghee.

Besan chikki was like a chick pea shortbread, flavoured with sesame seeds.

The nicest soft drink I had in Rajasthan was a *masala chai* - tea brewed with green ginger and cardamom seeds - but, as I said, it helps to like strong alcohol in Rajasthan, for it is a taste that unites all castes, even if the drink consumed differs.

In the villages spirits are distilled from flowers when cheap rum is unavailable. At one place I tried some refined flavoured spirits, and was much impressed by an orange and a cardamom.

Made a little in the manner of gin. The spirit is made first, and then distilled with flavourings.

If you dine with a nobleman or prince, it is whisky you will get, and lots of it. In one household, half a bottle of Johnnie Walker Red Label disappeared between two of us before there was any suggestion of dinner. On other occasions it was Indian whisky,

which was better than I had imagined. Wine or beer is rarely on offer when you sit down to eat. As my lordly host put it: "We get our drinking done before dinner."

Russia's

tel kahn visits the

coffee culture

of Moscow

and St Petersburg

and beyond

to the far east

and beyond

to the far west

and beyond

to the far north

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to the far south

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TRAVEL

A tale of two Scarboroughs - or how to blow h

All over the world there are namesake cities, sharing some physical feature or point of origin, cities named perhaps by homesick settlers, perhaps simply after one another. York and New York, Toledo, Spain, and Toledo in Ohio, Carthage in Tunisia and Spanish Cartagena are examples. Adam Hopkins presents the first in an occasional series on some of these unlikely partners

According to Icelandic sagas, the Viking warrior Thorgilf has a hare-lip, which gave him his Old Norse nickname, Skardl. When he raided the windy English coast in 986 AD and built a fort there, in present-day North Yorkshire, it must have seemed reasonable, if not perhaps too serious, to call it Skardborg.

Times change. Names change. New settlements come into being. Even Thorgilf might have had some difficulty imagining that in 1782, after nearly 800 years, his little town in England, known by then as Scarborough, would pass its name on to the emerging capital of Tobago in the deep blue, rather warmer Caribbean.

Skardl's first Scarborough, the Yorkshire one, had its harbour where the modern harbour lies, with fishing boats, a lighthouse and a few pleasure craft, not too grand, in a hoop of bay looking south to a line of capes and cliffs. Inevitably the fort was on the hill above, offering even more dramatic views, north and south, and up into that splendid tract of walk-

er's countryside and source of television serials known as the North York Moors. Skardl's fort began a Norman castle. Edward I improved it greatly. Edward II made his favourit, Piers Gaveston, the lord of it and, from there, after a siege, his enemies winkled him out, promising him safety but

The original Carib inhabitants kept pushing off the early settlers

killing him all the same. It was besieged twice during the civil wars of the 17th century and only settled into being a romantic ruin later. There it remains, its long, long curtain walls brooding over the holiday town of Scarborough.

Scarborough in Tobago - though it bore a different name to start with - changed hands more than 30 times before coming definitely under British rule. The original Carib inhabitant



Fort King George, Tobago: Scarborough changed hands more than 30 times before coming under British rule

Dave O'Halloran/Corbis

We learn that the Coromantes of the Gold Coast were held responsible for the sugar plantations - Friendship plantation, 113 slaves; Amity Hope, 106; Les Coteaux, the biggest, 498.

To every European, imposing order with dreadful punishments. Death was the most frequent, provided a master could bear the loss of his investment.

Art way down the hill, Geo Leacock, 83 years of age I know throughout the 'n as Uncle George, has in a lifetime amassing a personal museum, the Scarborough Heritage Parlour, led to a large degree on his own family. He takes me and, along with an Indian wife from Trinidad.

His at, great grandmother's a slave, he says, and plantation master exercised *droit de seigneur* over her. Happened very often.

As a result, his great grandfather was white in appearance. When she grew up, she married by a former slave. Slaves were freed, with limitations, in 1833. "I have done you the same thing the masters did to us," said her assailant.

As it happened, I had just been to the theatre in the round in Scarborough, North Yorkshire, to see Jane Asher in Ibsen's *Doll's House* (directed by playwright Sir Alan Ayckbourn, as good a friend as either Scarborough ever had). Since *The Doll's House* is about the strongest statement possible of a woman's right to be treated as a human being, I could not help being struck by the lessons in this area meted out by the two Scarboroughs.

But if that seems a little pious, Haynes, my guide and

companion in Tobago, soon turned it round over a mouthful meal of rice and beans and a side order of dumplings.

"Oh man," he said, surveying the lunchtime clientele and sighing like a furnace, "if I wasn't married already, I reckon I could marry 15 times a day in Scarborough."

"Sixteen," I found myself replying, to my shame; and when I stepped into the market after lunch, a stallkeeper named Velda rolled her great eyes at me.

"I only got oranges and apples today," she said, flirting like mad, "not those

Continued on next page

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Skiing / Arnie Wilson Family trials and tribulations

Nicola the young stewardess from Gva deserved a medal as she darted hither skittering in our Boeing 737 which was packed with young families.

I am well accustomed to fate decreeing that should be seated close the only squawking baby and hundreds of airline passengers, but on this occasion I was surrounded by the to say nothing of Sprited Sprites - the official Sprit company for children at three to four and five to six.

To complete my liaison, the man in front of me was wearing a Russian christening with plastic and the child behind was king my seat. Such are tribulations of taking one child or, in my case, grandchild to the mountains via a tour operator which caters in child care.

How fortunate the lot was short.

Nicola and the other hard-pressed stewardesses on the Go flight were magnificent, dealing patiently and smilingly with this borne crèche, trying their best to get us all fed and watered during the 80 minutes which elapsed between Stansfield and Geneva.

As I watched Bevan - my eight-year-old son of Melissia my eldest daughter, look on want or what their parents first flight, first skiing half - "I think you have to serve day - memories of early when they want, but fatherhood started coming assure that there is plenty of back to me. As we landed in Geneva, he had his first glimpse of the Alps.

And then we were off to Chamonix, where tour operator Ski Esprit has four chalets. Ours, the Cairn - a former hotel - was a pleasant building in the main street of the village of Les Praz. There were astonishing views of the Aiguille du Midi and much of the Mont Blanc massif from our window.

We awoke to a dawn chorus of babies and the shouts and screams of high-spirited children. But what else could you reasonably expect in a Ski Esprit chalet?

Apart from getting Bevan ready each morning, and get-

tired-out onion. A touch too exotic for Bevan, who opted for the chicken.

Apart from this one evening, it soon became apparent that thanks to Ski Esprit's excellent nannies and "Snow-Ranger" supervisors one could see as little or as much of one's charges as one cared to. In theory, parents of older children could have gone almost the entire week with scarcely a glimpse of them.

Like all small boys, Bevan quickly threw in his lot with his peers, and as long as I was floating around somewhere in the Chamonix Valley, his preoccupation, understandably, was seeing as much as he could of fellow-Sprites such as Jocelyn and Callum.

On Saturday - final day, it was skiing en famille.

It was soon apparent that Bevan had not wasted his week. Although ski poles had not yet been introduced to his modus operandi, he was quite skilled at snow-plough turns. "Let's take him up the mountain," I suggested.

After a memorable first ride in a gondola had taken him soaring above Chamonix, Bevan followed us down a series of blue runs, falling here and there, but determined to cover as much terrain as possible. His reward was an eerie cable-car ride through frost-laden mist to the craggy summit of the Brevent ski area, and lunch at the Panoramic Restaurant.

Back in Les Praz, it was time to return skis and helmet to the rental shop. "Where would you like to go skiing next year?" I asked Bevan.

"France? Austria? Italy?"

"Italy," he said, for no apparent reason.

Back in Essex the following day, his mother asked: "So, what did you do, Bevan? Tell me all about it!" "I skied, mum," he said, stoically. "And next year I'm going to Italy."

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TRAVEL

Moroccan tale of Rif, kif and roll

Nicholas Woodsworth finds himself among the mountain mafia who trade in hashish

The steering was dangerously loose, the frame shuddered when the wheels were turned, the heater was broken. And that was just for starters. It was not the best car for a drive through the Rif mountains, as I told the young woman at the rental agency.

It was the only car available, she smiled demurely. How badly did I want it? It was a take-it-or-leave-it situation. I thought for a second about the quarrelsome and xenophobic traditions of the Rifian tribes. I reflected on the mountain mafia who control the area's galloping trade in hashish. I considered some of the most ghoulish and precipitous roads in Morocco.

"I'll take it," I said.

Of all the mountain ranges of Morocco, the Rif is the least accessible to foreign travellers, even though it is the closest - it can easily be seen from southern Spain across the Straits of Gibraltar. A rugged limestone massif more than 200 miles long, it rises precipitously out of the Mediterranean and, with no intervening coastal plain, shoots up to peaks 8,000 feet high. So steep and broken are its valleys that the Rif's principal road is forced to snake east-west along the top of the chain's main spine - a route that guarantees not only some of the most hair-raising driving in Morocco, but some of its most spectacular scenery.

Remote; little known; little frequented; beautiful - who, I wondered as my car wobbled its way out of the royal walled city of Fez and into the southern foothills, would not want to visit the Rif?

After passing the village, I began noticing the peculiar behaviour of other drivers

I was surprised, given the roughness of the terrain, at the number of villages and hamlets - far up on the sharpest of ridges I could see flinty, terraced fields and the simple, cube-like houses of farming settlements. Even for a poor country the villages here looked run-down and dilapidated.

The Rif, in fact, has always had a problem with under-development and overpopulation. Throughout its history its stony and infertile soil has provided barely adequate food, isolated from the outside world, its fierce Berber tribes fought to co-operate with each other or to submit to the authority of the central Moroccan state.

For much of the past, ongoing blood-feuds between

families and tribes were the prime means of keeping a balance between population and resources. Today emigration to the big cities and Europe plays the same role, but as I drove on it seemed to me I had never seen so many men sitting idle in so many tatty roadside cafes.

It was some time after I passed the hill-village of El Haddada that I began noticing the peculiar behaviour of other drivers on the road. Whenever they drew close to me they grew unconvincingly worked up, honking their horns, flashing their lights, and gesticulating out the window.

On the steep slopes and hairpin bends I now found myself, this was disconcerting. Was there something wrong with the car? Was I infringing some obscure local driving code? Or were drivers just happy to see a foreigner? I began to think not - most of these cars were banged-up old Mercedes-Benz packed front and back with unshaven, not-too-friendly-looking men in sunglasses.

As I drew closer to the town of Ketama and the main east-west ridge-road the surroundings grew grandiose and somewhat surreal. This was big country. Here were mountains and more mountains, spreading away below in an endless series of gigantic cracks and folds. Massive cedar trees hung on the edge of precipitous and rocky spurs.

Suddenly drop-offs plunged to distant valley bottoms. I felt myself to be high up under the dome of the sky; as sunset approached it took on a pearly luminescence so bright it bathed the earth below in a strange glow.

A valley near Cheouen in the Rif Mountains, remote, little known and beautiful, with sudden drops plunging to valley bottoms



Jonathan Blair/CORBIS

I did not really have time to appreciate such splendour. At a small roadside market a particularly aggressive Mercedes got on my tail and would not let go. Twice it overtook at high speed and then slowed to a crawl in the middle of the road, making it difficult for me to get by. Twice it drew up level to me and we roared around corners occupying both lanes. The men inside made flapping, pull-over motions with their hands. Pulling over did not seem a wise thing to do.

The third time the Mercedes drew up the tough mimed exaggerated gestures of smoking and it finally dawned on me - these men did not want to kill me, they wanted to sell me large quantities of drugs.

If meagre harvests of wheat and olives do not bring much money to the Rif, the cultivation of kif - the local term for marijuana - brings considerably more. It grows on the stony hillsides here like a voracious weed and is a mainstay of the local economy. If I was gazed at curiously at police roadblocks, if I was importuned on every bend of the road, it is because, for the last 30 years, Ketama has been the centre of a big export industry - a foreigner driving around alone is simply assumed to be a buyer coming to pick up a load.

The purrs finally gave up on the edge of Ketama, but despite the falling darkness I had no desire to spend the night in the town's single hotel. Apart from the risks of disappointing over-excited drug-sellers, Ketama was a cold and miserable place - with the coming of night an impenetrable fog had formed on the spine of the Rif. Al Hoceima, the next town with a hotel, lay hours away. I had no other choice but to make for it.

Down and down through the fog I crawled blindly, the steering wheel playing loosely in my hands, the car shuddering at every curve and switchback. I cursed the fog, cursed the broken heater.

When a light drizzle began to fall, I discovered the windscreen wipers were broken too and, slowed to a walking pace, cursed some more.

Finally I was overtaken by a fish delivery van from hell, desperate, I stuck with it, using its tail lights as a guide, and eventually roared into Al Hoceima's harbour like a Rifian drug-dealer on the scent of a once-in-a-century sale.

Sitting on a deep cove overlooking the sea, relaxed and wholly Mediterranean in feel, Al Hoceima was a dramatic change. Suddenly I might have been in Spain - the buildings were whitewashed, the central square was a Spanish plaza, the television voices drifting from the cafés were broadcast from not-so-distant Andalucia.

Al Hoceima was, indeed, founded by Spaniards in 1920, and remained part of the Spanish protectorate of northern Morocco until independence in 1957.

Unlike the colonial French in their own Moroccan protectorate farther to the south, Spain may not have done much to develop the Rif. But I was thankful that evening for what they had left in Al Hoceima.

I parked the car near fishing boats bobbing in the port and got out. It was much warmer and the stars were out - the fog had remained in the hills behind. I took a deep, calming breath of air, and examined the menu displayed outside the the restaurant of the Club Maritime. Then I sauntered up its broad steps, looking forward to swordfish steaks and a bottle of white wine.

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GARDENING

The sunshine during last weekend was a sudden chance to observe the state of play at ground level in our winter flowerbeds. It is noticeable how many seedling weeds and unrooted bits of grass have continued to grow gently into January. They are an uninvited reminder that our own season for seed-sowing will soon be upon us and that we need to start to get our act together.

Although many seeds are available nowadays on the racks in garden centres, the selection is far wider than any one centre can carry. I often find a lack of supplies or that the best colour in a particular family has not been ordered.

There is still no substitute for combing the seed catalogues. It has been a traditional accompaniment to January evenings throughout my gardening life, and if I did not order by post the summer's flowers would be much less interesting.

Last season I had wonderful results from the expanding range of new sunflowers which are on offer from major seedsmen. Like most of the varieties in the rest of this article, they are available from Thompson and Morgan, Poplar Lane, Ipswich, Suffolk IP8 3BU (tel: 01473 588588).

Sunflowers no longer come in overpowering heights and in shades of Van Gogh yellow. Last year I grew the deep red Velvet Queen which flowered splendidly at a height of only 5ft and was a stunning accompaniment to borders which had passed their best in early September. Italian White is even shorter, reaching a height of 4ft, with a centre of gold and black. Lemon Queen is new this year and is a

pale and easily placed variation on the usual sunflower scene at a height of only 5ft.

All these varieties listed under Helianthus, are remarkably easy to grow if you sow them indoors in mid-April in a plastic pot without overcrowding them. They germinate very easily and need to be moved into single pots before they start drawing each other up, weakening their stems.

At these manageable heights, the new sunflowers are extremely welcome. But for a window box or hanging basket, you need to look further afield. The most popular bedding plant of all in Britain is still the petunia, but its family is always being enlarged and altered by ambitious breeders. The recent

excitement here is the group of trailing petunias which dangle downwards.

The main colours on offer have been pink and purple, but this year Suttons of Hale Road, Torquay, Devon, have begun to offer a pale variation called Petunia Pearly Wave, whose trailing stems bear flowers which change from white to soft lilac. Suttons also offers a particular yellow favourite which I noted at the seed trials last year.

Petunia Prism Sunshine has large primrose yellow flowers with white centres and lasts very well throughout the year. It resists hot sunshine and was voted British Bedding Plant of

the Year in 1998 which ought to say something about its stamina.

Some of the more extreme variations on the old petunia may have put you off the family, but I recommend that you look again at the easy verbena as an alternative. Many of them are excellent in a box or basket and this year I will be trying a pale lavender-flowered thing called Schizopetalon produced flowers much smaller and duller than their photograph in the catalogues. I continue to rally to the small Californian poppy with little lemon-yellow flowers and an underappreciated scented Eschscholzia coccinea Sundew which can be scattered outdoors into cracks between paving stones and left to grow by its own devices. It is a

freely it is a wonderful choice for a bright basket or flowerpot and I will certainly be growing Bidens ferulifolia Golden Goddess, which germinates easily in a little heat and cascades into flower throughout the summer.

At a lower height, I have abandoned my rather speculative choice of last year; a scented white-flowered thing called Schizopetalon produced flowers much smaller and duller than their photograph in the catalogues. I

continues to rally to the small California poppy with little lemon-yellow flowers and an underappreciated scented Eschscholzia coccinea Sundew which can be scattered outdoors into cracks between paving stones and left to grow by its own devices. It is a

lovely little thing - much prettier than other heavy orange varieties in the same family. It also tends to sow itself year after year without trouble.

Lastly, if you can keep black fly away, remember the simple nasturtiums. The trailing varieties called Whirly Bird are marvellous in window boxes if you remember to water them and to spray them with Tumblebug. Alternatively, you could try the much larger Jewel of Africa variety whose flowers come in many more colours, including cream and peach-pink. The leaves are spotted and lined with white and the whole plant is capable of reaching more than fit in open ground. If you allow it to swing down from a box or basket, it is absolutely spectacular.

Nasturtiums really are foolproof plants from seed. If you are feeling potentially foolish in this strange winter, order the better nasturtiums and discover by next July that you are not such an incompetent after all.

Likely basket-cases

Now is the time to browse the seed catalogues, says Robin Lane Fox

Monet's waterworks

The plants and the paintings are both artifice, says Martin Wood

We all know the story of how Monet gave up regular work as an unrecognised artist at a certain age and began obsessively to paint the natural world at Giverny. Or do we? The story told by Vivian Russell in her book *Monet's Water Lilies* is of life and death, of peace and war, of love and loss, of despair and revival in the valley of the Seine.

Monet, having exhausted the possibilities of colourist planting in his garden at Giverny, bought more land and made the water of a stream, the R.R., stand as a lake for him to paint.

This was a small task for a man who had once ordered the stripping of leaves from an oak in spring so that he could complete a winter scene.

The water lilies which caught his plantsman's eye and which he painted in that lake, and in its larger successor, were not the yellow Nuphar lutea and double white Nymphaea alba, native to northern France. They were the hybrids of Joseph Bony Latour-Marliac who, in his nursery at Le Temple-sur-Lot in south west France, built the foundations of the many hybrid water lilies we have today by cross-fertilising species from North America, Africa and India with native stock.

It was in 1877 after 10 years of experiment that a red water lily first

appeared. By 1889 Latour-Marliac was able to bring his Nymphaea Marliacea and Odorata series to the Exposition Universelle in Paris to be shown on a little river in the Trocadéro.

His success coincided with the point in Monet's life when his work began to sell. He, too, was an exhibitor at the exposition, and his success there ended his days of poverty. Monet was an inveterate visitor to horticultural shows with his gardening friends the writer Mirbeau and the painter Callebotte and may well have seen these hybrids before. But now he could afford to indulge his interest in water gardening.

The new water lilies delighted him. He planted them with passion and maintained his new water garden obsessively. Every morning gardeners performed a toilette on the water to remove algae and dead leaves from the water lily plants - all directed by Monet with the fervour of the perfectionists.

It is not therefore a natural world that Monet shows us in his Giverny paintings. Monet's painting, as with Latour-Marliac's creation of new cultivars of water-lily, is a triumph of inspiration and technique over the natural order. Russell opens our eyes to this and to the way in which Monet anchored his soul through periods of great sadness by working in his garden.

Monet began his Grandes Décorations, the large water lily canvases, in a bout of enthusiasm in 1914 and continued with ever heavier heart as the first world war brought destruction almost to his door. In 1918 he asked his friend Clemenceau to offer two of these large decorative panels to the state: "It's not much but it's the only way I have of taking part in the victory." After his death in 1927 they were joined by the others and can now be seen by the world at the Orangerie in Paris.

At the end Monet's eyes let him down. He wrote to his oculist in 1923: "If I have always to see nature as I see it now I would prefer to be blind and keep the memory of the beauties which I have always seen."

Yet the beauties he had seen, and had painted, were often of his own creation.

Are there men or women today with the inspiration of Monet and plant breeders who strike new cultivars as exciting as those developed by Latour-Marliac?

If so, may they be written about with the care and charm that Russell has brought to the telling of the real story of the water lilies at Giverny. With its translucent cover and readable scholarship, this is a beautiful little book.

Monet's Water Lilies, by Vivian Russell, 94pp, Frances Lincoln, £14.95



Latour-Marliac's hybrid water lilies show remarkable variations in colour, petals and leaves

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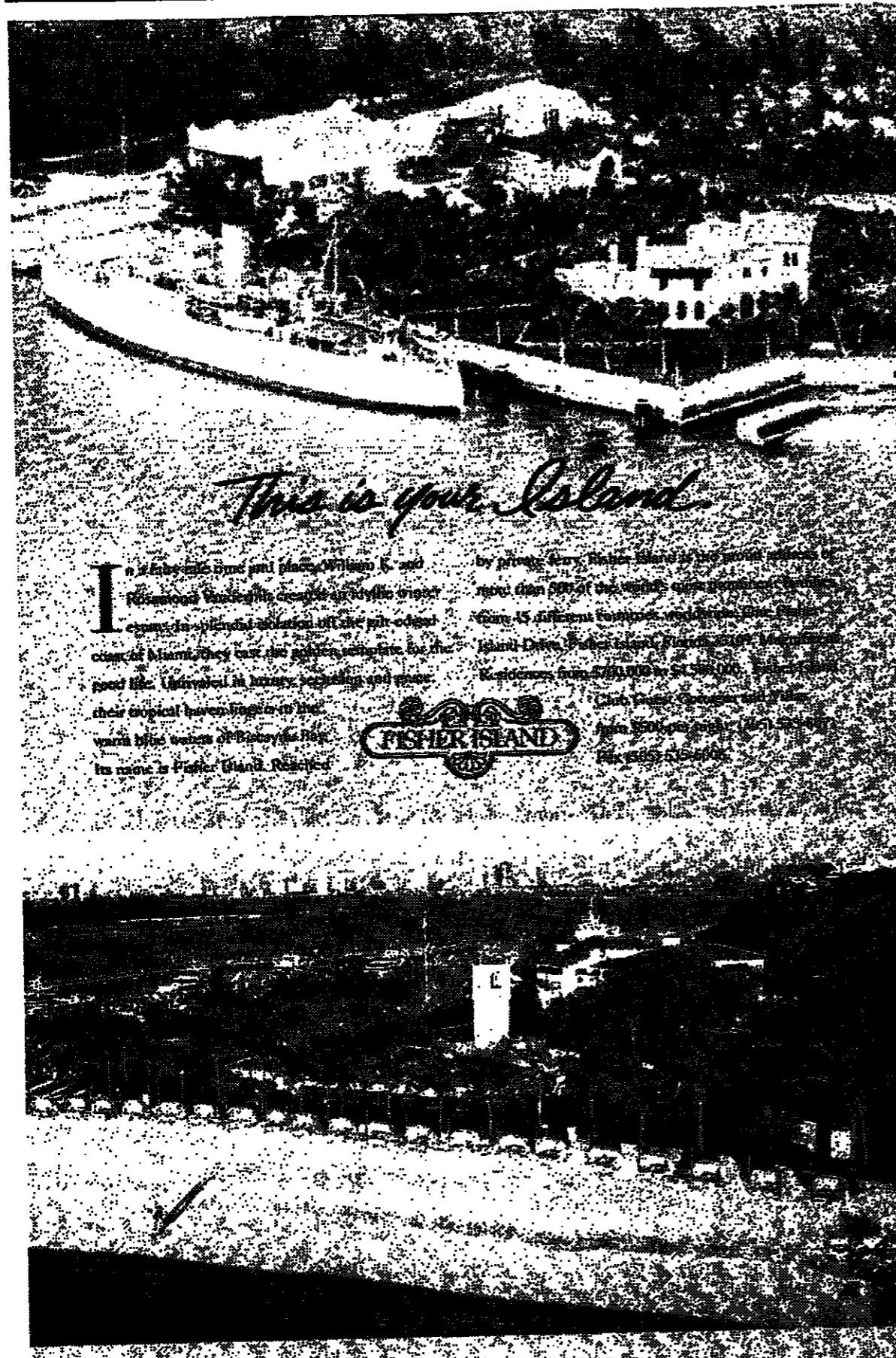
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Where the work is almost done

Gerald Cadogan goes in search of unrestored chateaux and manoirs - and finds there are few left

In one way, the Dordogne is virtually finished. It's still very much alive as a place to live or to visit - but as far as building work on the bigger properties is concerned, there is very little left to do.

The region is reputed to have more than 1,000 chateaux or manoirs, and in the 1990s there were plenty for sale. Today, it is hard to find one that has not been refurbished.

The Dordogne property market, in south-western France, spent most of the 1990s becoming but more recently has been on the move again. Properties for sale, which had been significantly outnumbering buyers during the recession - the collapse of the UK property market in 1989 and devaluation of sterling in September 1992 were savage blows to the Dordogne market - are at last being bought and prices are firming, without the irrational speculative rises of the late 1980s.

Last year was very busy. British, Dutch and Belgians are still looking, attracted by the beauty of the country and its cottages, farms and chateaux and the fortified market towns - bastides - often with arcades around

the main square. There are also German and US buyers.

The land has the settled, comforting look of a place that has been farmed and tended for centuries. Food is excellent. Communications with northern Europe become steadily easier, with autoroutes in all directions, major airports at Bordeaux and Toulouse (and small ones at places such as Bergerac and Agen) and the TGV trains. And for those who tire of inland life and want a break from swimming in a pool, it is an easy drive to the long sweep of sandy beaches on the Atlantic coast west of Bordeaux.

A growing number of buyers are preferring the Dordogne to the crowded Côte d'Azur and Provence (and their elevated prices), reports Sarah Francis of agent Sifex. They come in search of better value and tranquillity. And more people are coming to settle in their 30s, 40s and 50s, says James Pattinson, a Dordogne-based agent and

FPDSavills' associate, whereas foreign buyers in the past were mostly retirees.

The first expatriates to settle in the Dordogne (or Périgord as the French prefer to call the region) were a trickle of British artists and writers in the 1950s, when they could buy a group of medieval buildings for £200.

The Dordogne valley east of Bordeaux and the surrounding regions have since been as popular with north European tourists (mostly from the UK) as Tuscany, but prices are cheaper. Many foreigners stay the whole year - which hardly any do in Tuscany - and bring up their children in the French school system where, as they become bilingual, they can speed their parents' integration into local society.

In the late 1980s and 1990s, as more families started to arrive - to "get out of the London rat race", one family said, while others moved to "escape Thatcherism" - there were still plenty of

houses available to restore. But during 1988 it became hard to find a shell building to restore at, say, FF120,000 says Pattinson, and holiday cottages with a pool costing between FF15m and FF18.5m (£10,000-£16,000) sold at once.

Most houses on offer through agents that sell to foreigners will have been restored. But there are still a few for restoration, as I saw when looked in the window of an agency at Sauveterre-de-Guyenne in Entre-deux-Mers, the triangle of land south-east of Bordeaux between the Garonne and the Dordogne (the "two seas").

It might also be possible to buy a house with some land, and find a farmer to work it in exchange for looking after

your house when you are away. The going rate for arable land is between FF15,000 and FF18,000 a hectare, says Pattinson. But for prospective wine-makers, land will cost between FF100,000 and FF120,000 a hectare for established vines with a Bergerac appellation (up smartly from FF150,000-70,000 in 1987) or FF200,000-250,000 for a generic Bordeaux appellation. Around St Emilion, prices reach up to FF15m per hectare, and can be even more for prime parcels.

Near Eymet, Pattinson and FPDSavills offer the restored Château de Lauzanac, with superb views from its promontory above the river Dronne. It has 16 hectares and plenty of outbuildings - some are now guest houses and holiday cottages - for FF4.9m. It was bought as a ruin 10 years ago.

To the south, in Lot-et-Garonne, the same group is selling Gervésie, an old farmhouse/chateau with a tower block and an attractive large yard with a 17th century dovecote (*pigeonnière*) and 2 hectares for FF4.7m.

Two Bergerac wine properties are on Pattinson's list, one with a small, newly planted vineyard at FF7.3m, the other with 74 hectares of vines (red, white and Monbazillac) as well as 15 hectares of plums and 52 of woods and fields, at a price still to be determined - a not unusual situation in France.

Just 10km from Bordeaux, Sifex offers a chartrouse (a 17th-century gentleman's house on one floor)

with 73 hectares of vines (half Merlot, half Cabernet Sauvignon) and a further 24 hectares (let) for FF2.6m.

Pattinson also lists smaller and larger houses, as does Sifex, which offers a house in a hamlet near Excideuil with a pool for FF1.3m (that will quickly find a buyer) and a *maison de maître* between Angoulême and Périgueux with a pool and guest house and 24 hectares for FF2.2m. (Part of the land is valuable

truffle country.) Near Périgueux, Domus Abroad is selling a three-bedroom holiday house with pool for £29,000.

Entre-deux-Mers is lovely rolling country with woods wherever there are not vineyards, and is underpinned by the market, according to Pattinson, even though it is so close to Bordeaux. In the region, a dreamy unrestored chateau is for sale near Cléryac from Agence Immobilière du Périgord, with 17 hectares among trees beside a river that once supplied the moat. It looks like a tower house in Aberdeenshire.

The price for this chance of a lifetime for energetic optimists, where little seems to have been done for a century, is FF3.3m.

A less demanding house in Entre-deux-Mers, built in traditional style near Sodrac for an English family in 1970, is for sale from Cabinet Bedin for FF1.5m.

■ South-West France (code 00 33-5): Agence Immobilière du Périgord, Bergerac, and James Pattinson, St Sernin de Duraz, 5333 9985; Cabinet Bedin, Fargues-St Hilaire, 5797 0999.

In London (00 44 171): Domus Abroad, 431 4632; FPDSavills, 408 5530; Sifex, 381 1200.

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SPORT



Celtic Swing in the winner's enclosure with its owner Peter Savill (centre right) after winning the Prix du Jockey Club at Chantilly, France, in 1995

Gary M. Prior/Popper

Horseracing

Squaring up to the bookies

Peter Savill has a mission to solve the sport's underfunding. Michael Thompson-Noel reports

There is something of the top-flight boxer about Peter Savill, who is president of the British Horseracing Board (BHB). It is not that he is pugilistic. But Savill enjoys verbal sparring, moves fluidly, even stealthily, and hits out with clever ideas as smoothly as a boxing champion flicking jabs into the face of a foe.

Savill's foes are the bookmakers.

For decades, British bookmaking firms have siphoned fat profits out of horseracing, using them, in some cases, to diversify into other businesses – property, hotels, whatever – at racing's expense.

As a result, Savill, a multimillionaire and prominent racehorse owner, says UK racing is starkly underfunded, compared with the sport in other major racing countries.

Such a complaint is not new. British racehorse owners always seem to be whining about the low average prize money for which their steeds compete and badgering the government to pump millions more in subsidy into racing to fund their fantasies.

In the view of Savill and the BHB, these extra millions – £105m annually – should come mainly from the bookies (£80m), with £25m tossed into racing's cavernous pot by sponsors, racecourses, racetrackers and punters.

Many people, especially the bookies and probably most bettors – punters have zero influence on how racing is run or financed – disagree with the claim that UK racing is underfunded.

They say it is extremely tacky of owners, who are rich by definition if not always high-born, to rattle their begging bowls so brazenly and so frequently. Racing, they reckon, is a highly successful sport. Far from deserving increased subsidies from punters, who already donate millions to the sport via a levy on betting turnover, racehorse owners should be thankful for what they have got. (In 1995-96, the betting levy is expected to produce £25.5m for racing.)

However, Peter Savill is a man with true grit. He has the bookies in his sights, and there – falling crossly – they will stay. Very seldom have the bookies encountered an opponent as formidable, determined, quick-witted and intelligent as Savill, whose position as chairman of the BHB, racing's main supervisory body, gives him access to the corridors of power.

The other day, at a racing forum in London, Savill claimed that the key assertions underpinning the BHB's one-year-old financial plan for racing, which sees an additional £105m annually, remained "rock-solid" and "unchallenged".

They are certainly not unchallenged: they have been challenged unceasingly, especially by the bookies. But what is now happening is that Savill's call for substantial extra money for racing's

is sounding increasingly reasonable, mainly because UK bookmakers – he says – are awash with profit.

It is unacceptable, says Savill, for the British betting industry to pay only 1 per cent of betting turnover to racing when all other major racing nations pay 4.4-5.5 per cent of such turnover. Second, UK betting shop overheads are unacceptably high at more than 14 per cent of betting turnover, compared to 5.5-10 per cent

of the UK betting industry claimed to be making "only" £100m profit a year. The 1998 profits of the Big Three firms alone [Ladbrokes, Coral, William Hill] are estimated to have exceeded £240m, "says Savill, "making total betting industry profit in 1998 in excess of £350m."

Based on recent valuations, he says, the UK's off-course betting industry is worth more than £3bn a year, a figure that is likely to keep rising. Savill is probably right. Quite possibly, the spread of digital, interactive TV betting services in the coming decade will be of considerable benefit to those betting companies that move fast enough to capitalise on it.

"Betting industry experts believe that up to 2 per cent of overhead costs can be saved by the introduction of improved computerisation systems," says Savill. "Based on 1998 betting turnover of £7bn, that means up to a further £140m in savings to the betting industry."

"The facts are irrefutable. The betting industry is getting richer and richer. In 1998 it made more than three times the profit of three years earlier. It can clearly afford to pay a lot more [to racing]." The betting industry, adds Savill, "is calling for a revolution. He wants to modernise UK racing's administration and financing. Especially, he wants to loosen the bookies' iron grip on racing's throat.

Can the bookies pay more? Lots more? They say they can't. They have always said that. But Savill is certain they can. In 1995,

More, Savill wants to see the present levy system scrapped. The government's role in racing, says the BHB chairman, "should be one of regulation of gambling, not management of betting businesses and arbitration of inter-industry disputes." In short, the government should withdraw from racing's commercial arena, leaving the racing and betting industries to get on with their own business.

The bookmakers complain that Savill uses betting figures very selectively. They say they have already spent heavily on improving the betting infrastructure. And they warn they are losing turnover to offshore, low-tax and internet rivals.

Savill calls this last claim "scaremongering", adding: "There's no evidence of anything but a tiny percentage of betting turnover being affected in this way."

Some bookies suggest that the best way to help racing would be for the government to lower betting tax again, from 6.75 to 5 per cent of turnover, producing an estimated £15m more for racing.

In the months ahead, UK bookmaking firms will probably come to dread hearing Peter Savill's name. He will corner them on the ropes and chase them into the middle of the ring. The experience will be painful. They will not be knocked unconscious. But they may have to pay racing many extra millions before Savill stops pummelling and bullying them.

He wants to loosen the bookies' iron grip on racing's throat

in other major racing countries. Third, the UK betting industry's "total monopoly" of betting on horseracing is unfair, anti-competitive and unacceptable. The BHB would like to see betting facilities introduced into non-traditional outlets such as pubs.

Savill is calling for a revolution. He wants to modernise UK racing's administration and financing. Especially, he wants to loosen the bookies' iron grip on racing's throat.

Can the bookies pay more? Lots more? They say they can't. They have always said that. But Savill is certain they can. In 1995,

Money / Jurek Martin

Games for men with deep pockets

Here are some numbers, all representing the good ol' American greenback, which may serve to take your minds off impeachment, Brazil, the weather, whatever.

□ \$500m: the sum paid by the brothers Milstein and another fellow called Snyder for an American football team, the Washington Peaux Rouges, which has not made the playoffs since a Republican was president. Alternatively, \$520m, paid by a syndicate for a football team which does not even exist in Cleveland.

□ \$125m: the total amount of prize money available on the US men's golf tour this year, more than double the level of four years ago. Since then, inflation in the US has not exceeded 2 per cent a year.

□ \$125m and \$112m: the worth of the multi-year contracts paid out, respectively, to two Kevinas, a basketballer Garnett, not then of drinking age, and the pitching Brown, who is better than most but not considered, even by his mother, to be the second coming of Sandy Koufax.

□ \$15m: the maximum amount of money, with a couple of grandfathered exceptions, that can be made by any professional basketball player this year. This is one-third of what Michael Jordan made last year, but will no longer because he has hung up his sneakers.

□ \$3m, including commissions: the amount paid at auction for a single baseball, the 70th and last victim of Mark McGwire's record-breaking season. This appears to have exceeded by 26 times the existing record for a ball of consequence, dispatched by Babe Ruth.

What does all this mean? That is, assuming anyone cares, which, oddly enough, average



Left: Basketball player Kevin Garnett of the Minnesota Timberwolves. Right: Golfer David Duval



This apparently consigns the likes of poor Montreal and Milwaukee to the bottom of their leagues. But it does not always work that way. Les Expos, whose total team budget would not keep the Canadians in hockey sticks for a week, were leading the league in 1994 when the strike ended the season. And Brown and Belli may prove to be busts not worth the money.

A potentially low-cost option does present itself. The Cuban national team, invited, under a Clinton initiative, to play in Baltimore this year, could defect en masse and for a song. In fact, they could all migrate to Montreal if it were not so cold, because Canada has more liberal immigration rules and has long disagreed with the US over Cuban policy.

The Kevin, who plays basketball, can count himself lucky because he got in under the wire. The whole point of the recently concluded labour dispute was to put a lid on player pay, \$11m, the first in American team sports. It is not as if the players are broke – \$2.6m a year average pay buys enough Mercedes even for those who don't know a pick from a roll – but the cold fact is that they lost out to the owners, and losing streaks can become contagious.

Player pay is a little more complicated. Kevin Brown, the pitcher, has been bought by Rupert Murdoch, who owns the Los Angeles Dodgers, for what amounts by his standards to chump change. Other megabucks signed during the off-season by men with deep pockets, including the notorious Albert Belle by Peter Angelos of the Baltimore Orioles, confine most of the marquee players to a handful of rich teams.

How to punt it

Do allegations of drug abuse in sport repel punters? My guess is they don't. The police recently arrested more top jockeys, and a well-known former trainer, in connection with an investigation of alleged doping and race-fixing in Britain.

Fourteen individuals, mainly jockeys, have been arrested since January 1998, though five are no longer being investigated. The racing world was stunned by the latest arrests. However, the inquiry doesn't seem to have depressed betting turnover. Far from it.

As with horseracing, so with tennis. I suspect, World-class tennis is awash with allegations and suspicions. This week, women's world No 1 Lindsay Davenport called for random blood tests of top players in addition to urine tests.

She thinks drug abuse is probably more rife in the men's game. "There are some people that are [still] running, like –

Michael Thompson-Noel
Base acts beset the baseline

What things are not going well for me on the tennis court, I console myself by thinking horrid thoughts about my opponent. It is no wonder that my world ranking is still outside the top 100-150.

What I should have been doing all this time is following the example of America's steely Venus Williams, the fifth-seeded woman in the Australian Open in Melbourne, who rallies herself with elevated notions whenever she is threatened.

In the first round in

Melbourne, Venus was two points away from being ousted by lowly opponent Silvia Talaja of Croatia. So, Venus later explained to reporters, she told herself: "This is not my fate. This is someone else's fate. I can't go out like this." And she didn't. She won 3-6 6-3 9-7.

I have also vowed not to emulate young Spanish baselineer Galo Blanco, who was beaten by controversial Petr Korda in the Australian Open on Tuesday but refused to shake Korda's hand and virtually accused him of cheating.

Recently, I have found myself starting to boil over during matches, and in danger of unsporting Blanco-type behaviour. The reason is that last July I managed to quit smoking. A few weeks later I joined a gym. I am now a lot healthier. Glossy hair. Glossy skin. Glossy teeth. Big muscles.

But there is a lot more oxygen bubbling in my blood, and that can be a problem. All this oxygen has made me more aggressive. Nothing serious has happened yet. But the other night, going home on the Tube, I pushed a man who barged into me out of the way, and told him I hoped never to see eyes on him again. Ever.

But I don't want to go on like that. I especially don't want to attack someone on the tennis court. They would throw me out of the club.

So no more Blanco-style behaviour from me. Korda has been in the wars recently. Many of the other players were angry that the Czech escaped without a suspension after a drugs offence at Wimbledon last summer, when he was found to have taken a steroid. (He says he has no idea how it happened.)

However, Blanco's behaviour in Melbourne had nothing to do with Korda's lenient treatment by the tennis authorities for his drugs offence.

Blanco had lost to Korda in a five-set, first-round tie but claimed that Korda, the unseeded defending champion, had faked an ankle injury so he could grab a few extra minutes' rest. Korda says he twisted his ankle in the third set, when the score was one set apiece.

Eventually, the Czech won 6-3 6-7 6-7 6-2, though Blanco reckoned Korda was having him on by exaggerating the extent of his injury. "I felt I couldn't trust Korda, so I didn't want to shake his hand," said the youngster.

Korda was shocked by Blanco's behaviour, and was lost for an explanation. "I have no idea," he said later. "I was waiting. It never happened to me before."

The week's strangest sporting news was the assertion by organisers of the Sydney-to-Hobart yacht race that they are planning no dramatic changes to the supervision of this year's race, next December.

Just after Christmas, fierce

no problem – at 8-6 in the fifth set! Some men that you watch are not even winded, you know, after running for about five hours. I mean... some people, you know, are superhuman out there.

The tennis bosses deny the game has a big drugs problem, which gives punters an excuse not to fret unduly about the moral state of the game. My own method of tennis betting is to punt against the favourites in selected matches, using multiple bets: doubles, trebles, etc. Sometimes the multiplied odds are really generous.

On Wednesday, for example, Slava Dosedal was 5-1 to beat Andre Agassi and Julian Alonso 9-4 to defeat Petr Korda in the Australian Open, where fancied players in the men's singles have been making early exits. An Alonso-Dosedal win would have paid odds of 15-1, had both won. They didn't. But you get the idea.

M.T.N.

Michael Thompson-Noel

Base acts beset the baseline

What's on around the world

AMSTERDAM

OPERA
Netherlands Opera, Het Muziektheater
Tel: 31-20-551 8911
Carmen: by Bizet. New staging by Andreas Homoki, conducted by Edo de Waart. The designs are by Wolfgang Gussmann and Gabriele Jaenecke, and the cast includes Carmen Oprișanu and Martin Thompson; Jan 28

ANTWERP

OPERA
Flanders Opera
Lulu: by Berg. Conducted by Bernhard Kondratsky in a new staging by Ivo van Hove, with Constance Hauman in the title role; Jan 27

BARCELONA

CONCERTS
Palau de la Música Catalana
Tel: 34-93-288 1000
● Cleveland Orchestra: conducted by Christoph von Dohnányi in works by Beethoven and Stravinsky, with violin soloist Frank Peter Zimmermann; Jan 27
● San Francisco Symphony Orchestra: conducted by Michael Tilson Thomas in works by Bernstein and Mahler; Jan 28

BERLIN

OPERA
Deutsche Oper
Tel: 49-30-34384 01
● Die Zauberflöte: by Mozart. Conducted by Jiri Kout in a staging by Günter Krämer, with designs by Andreas Reinhardt; Jan 24, 27
● Manon: by Massenet. Conducted by Sebastian Lang-Lessing in a staging by Cesare Llevi; Jan 28
● Tanzorchester: by Puccini. Marcello Viotti conducts a staging by Götz Friedrich; Jan 23

BONN

EXHIBITION
Kunst- und Ausstellungshalle der Bundesrepublik Deutschland
Tel: 49-228-912 1200
www.kah-bonn.de
High Renaissance in the Vatican: Art and Culture at the Papal Court (1503-34); to Apr 11

CHICAGO

OPERA
Lyric Opera of Chicago
Tel: 1-312-332 2244
www.lyricopera.org
● Metastasio: by Boito. György Gulyánvári Rath conducts a revival staged by Peter McClintock. Samuel Ramey sings the title role; Jan 25
● Roméo et Juliette: by Gounod. Conducted by John Nelson in a staging directed by Nicolas Joëld. The cast stars Roberto Alagna and Angela Gheorghiu; Jan 23, 26, 28

DUBLIN

THEATRE
Abbey Theatre
Tel: 353-1-878 7222
The Rivals: by Sheridan. New production directed by Brian Brady and designed by Conor Murphy, with lighting by Trevor Dawson; to Jan 23

EDINBURGH

EXHIBITIONS
National Gallery of Scotland
Tel: 44-131-624 6200
Turner Watercolours: shown every January for 90 years, this magnificent selection of 38 watercolours was bequeathed by Victorian collection Henry Vaughan in 1900; to Jan 31

FLORENCE

EXHIBITION
Palazzo Pitti
La Dame con l'Ermellino: Leonardo da Vinci's 1489 portrait of the young mistress of Duke Ludovico of Milan; to Jan 24

HARTFORD

EXHIBITION
Wadsworth Atheneum
Pieter de Hooch (1629-1681); previously seen at Dulwich Picture Gallery, this first-ever one-man show of the Dutch painter offers a reassessment of his work. Less celebrated than his contemporary, Vermeer, de Hooch was a pioneer in his own right, and a specialist in maternal and domestic subjects; to Feb 27

HELSINKI

EXHIBITION
Museum of Contemporary Art
Tel: 358-0-173 367
Bruce Nauman: spanning the career of the American artist, b.1941, this exhibition focuses on his relationship



'Canal Grande da Palazzo Balbi e Rialto', by Canaletto, currently on display at the Palazzo Venezia in Rome

with language, and includes sound and video installations and neon pieces; to Jan 24

HOUSTON

THEATRE
Houston Grand Opera, Wortham Center
Tel: 1-713-227 2787
A Little Night Music: by Sondheim. Grant Gershon conducts a production by Michael Leeds, with a cast including Frederica von Stade, Thomas Allen and Sheri Greenawald; Jan 29

LISBON

EXHIBITION
Fundação Arpad Szemes - Vieira da Silva
Tel: 351-1-388 0044
Alberto Giacometti: Arpad Szemes and Vieira da Silva met Giacometti in the 1930s, through gallery owner Jeanne Bucher. The 19 sculptures and 20 drawings on display here are loaned by the Maeght Foundation, Saint-Paul, and include such famous pieces as Femme de Venise and Homme qui marche; to Jan 31

LONDON

DANCE
Sadler's Wells
Tel: 44-171-863 8000
Tanztheater Wuppertal Pina Bausch: Vlidor. Long-awaited return to London by the Pina Bausch company, which is celebrating its 25th anniversary. With designs by Peter Pabst and a score including jazz, folk and classical music; Jan 27, 28

EXHIBITIONS

Barbican Art Gallery
Tel: 44-171-638 8891
Picasso and Photography: The Dark Mirror. Exhibition exploring the influence of photography upon both figurative and Cubist strands of Picasso's art. His own photographic works feature among the many items on display; from Jan 29 to Mar 28

BRITISH MUSEUM

Tel: 44-171-636 1555
The Golden Sword: Stamford Raffles and the East. Display bringing together biographical material with objects collected by the self-taught scholar who is chiefly remembered as the founder of Singapore; to Apr 18

NATIONAL GALLERY

Tel: 44-171-332 3211
Portraits by Ingres: Images of an Epoch. 40 paintings and 50 drawings by the 19th century French painter. Includes major loans from museums in France, the US and elsewhere; from Jan 27 to Apr 25

ROYAL ACADEMY OF ARTS

Tel: 44-171-300 8000
Monet in the 20th Century: arriving in London from Boston, this exhibition brings together late works by the founder of Impressionism. The 80 paintings on display include important public and private loans, culminating in a group of seven of the monumental water lily panels which were the triumph of his career. Also included are paintings of London and Venice; from Jan 23 to Apr 18

ROYAL MUSEUM

Tel: 44-171-938 8500
L'Amore e il Volto: (The Soul and the Face). major exhibition of portraiture, comprising 370 works ranging over 400 years. Artists represented include Titian, Caravaggio, Van Dyck, Picasso and Francis Bacon; to Mar 14

ROYAL VICTORIA AND ALBERT MUSEUM

Tel: 44-171-369 1740
Vassar by Maxim Gorky. Howard Davies directs Peter Gill's new version of the Russian comedy, with Sheila Hancock in the title role

CORNEY THEATRE

Tel: 44-171-369 1731
Little Malcolm and his Struggle Against the Eunuchs: by David Halliwell. First seen at Hampstead Theatre, Denis Lawson's production stars Ewan McGregor

LYCEUM THEATRE

Tel: 44-171-416 6099
Oklahoma: West End transfer for Bruce Nauman: spanning the career of the American artist, b.1941, this exhibition focuses on his relationship

EXHIBITION

Victoria and Albert Museum
Tel: 44-171-938 8500
Grinling Gibbons and the Art of Carving: drawings, carvings and religious reliefs are displayed alongside the Cosimo panel, commissioned by Charles II and the woodcarver's masterpiece; to Jan 31

THEATRE

Albery Theatre
Tel: 44-171-369 1740
Vassar by Maxim Gorky. Howard Davies directs Peter Gill's new version of the Russian comedy, with Sheila Hancock in the title role

EXHIBITION

Comedy Theatre
Tel: 44-171-369 1731
Little Malcolm and his Struggle Against the Eunuchs: by David Halliwell. First seen at Hampstead Theatre, Denis Lawson's production stars Ewan McGregor

EXHIBITION

Lyceum Theatre
Tel: 44-171-416 6099
Oklahoma: West End transfer for Bruce Nauman: spanning the career of the American artist, b.1941, this exhibition focuses on his relationship

EXHIBITION

Metropolitan Museum of Art
Tel: 212-587 5500
www.metmuseum.org
1988, Rendezvous: in their holdings of artworks from 1900 to 1945, the Guggenheim and the Centre Georges Pompidou are remarkably similar, with one often owning a preliminary study for a painting in the collection of the other. The closure of the French museum for renovation has created the unique opportunity for this exhibition, which brings together related works by the same artist, or works by different artists on the same theme. Includes works by Picasso, Matisse and Miro; to Jan 24

EXHIBITION

Guggenheim Museum
Tel: 1-212-423 3500
www.guggenheim.org
1988, Rendezvous: in their holdings of artworks from 1900 to 1945, the Guggenheim and the Centre Georges Pompidou are remarkably similar, with one often owning a preliminary study for a painting in the collection of the other. The closure of the French museum for renovation has created the unique opportunity for this exhibition, which brings together related works by the same artist, or works by different artists on the same theme. Includes works by Picasso, Matisse and Miro; to Jan 24

EXHIBITION

Munich
Philharmonie Gasteig
Tel: 49-89-581 8181
● Munich Philharmonic Orchestra: conducted by Kent Nagano in works by Liszt, Prokofiev and Stravinsky. With violin soloist Kyung-Wha Chung; Jan 24

EXHIBITION

Lyceum Theatre
Tel: 44-171-416 6099
Oklahoma: West End transfer for Bruce Nauman: spanning the career of the American artist, b.1941, this exhibition focuses on his relationship

EXHIBITION

MUNICH
CONCERTS
Philharmonie Gasteig
Tel: 49-89-581 8181
● Munich Philharmonic Orchestra: conducted by Kent Nagano in works by Liszt, Prokofiev and Stravinsky. With violin soloist Kyung-Wha Chung; Jan 24

EXHIBITION

Metropolitan Museum of Art
Tel: 212-587 5500
www.metmuseum.org
● Cubism and Fashion: examining the

EXHIBITION

Prague
THEATRE
National Theatre of Prague
Tel: 420-2-2108 0713

EXHIBITION

Kunsthalle Zurich
Tel: 41-1-251 6765
Chagall, Kandinsky, Malevich and the Russian Avant-garde; exhibition exploring the artistic upheavals of the first two decades of this century. In addition to important loans from the State Hermitage Museum in St. Petersburg, the show brings together pictures from 14 provincial Russian museums never seen in the west before perestroika; from Jan 29 to Apr 25

EXHIBITION

Prague
THEATRE
National Theatre of Prague
Tel: 420-2-2108 0713

EXHIBITION

Perugia
EXHIBITION
Galleria Nazionale dell'Umbria
Tel: 39-55 574 1247
Beato Angelico and Benozzo Gozzoli: Renaissance Painters. Organised to mark the 500th anniversary of Fra Angelico's death, this show includes missing sections of his *Polyptych dei Domenicani*, lent by the Vatican so that the whole, restored polyptych can be seen in its entirety; to Apr 11

EXHIBITION

Prague
THEATRE
National Theatre of Prague
Tel: 420-2-2108 0713

EXHIBITION

Zurich
THEATRE
National Theatre of Prague
Tel: 420-2-2108 0713

www.anet.cz/nd
The Servant of Two Masters: by Carlo Goldoni. Directed by Ivan Rajmont; Jan 23

ROME

EXHIBITIONS
Palazzo delle Esposizioni
Tel: 39-6-474 5903
Poussin: Early Years in Rome. Display of 41 works produced between 1624 and 1628. The centrepiece is 'The Sacking of the temple in Jerusalem by Titus' (1625/6), commissioned by the Barberini family and rediscovered by Denis Mahon, the show's curator. Includes major public and private loans from Europe and the US; to Mar 1

VENICE

Tel: 39-6-941 2312
700 Veneziano: Capolavori da Ca' Rezzonico. Display of 18th century Venetian art, lent by the Venetian museum to the Palazzo Venezia, which once housed the city's ambassador to Rome. Includes works by Canaletto, Guardi, Longhi and Carlevaris, and Tiepolo's fresco cycle made for his villa at Zianigo; to Feb 18

SENDAI

EXHIBITION
Miyagi Museum of Art
The Carmen Thyssen-Bornemisza Collection: touring show of 94 paintings, ranging from the 18th century to the early 20th. Highlights include 19th century Spanish works; to Mar 14

TENERIFE CANARY ISLANDS

CONCERTS
Teatro Guimerá
● Cleveland Orchestra: conducted by Christoph von Dohnányi in works by Beethoven and Stravinsky, with violin soloist Frank Peter Zimmermann; Jan 23
● San Francisco Symphony Orchestra: conducted by Michael Tilson Thomas and Schnittke, Bartók and Schubert; Jan 24

TOKYO

CONCERTS
Suntory Hall
Tel: 81-3-3584 9999
● NHK Symphony Orchestra: conducted by Stanislaw Skrowaczewski in works by Beethoven, Chopin and Lutoslawski; Jan 28
● Tokyo Metropolitan Symphony Orchestra: conducted by Naoto Ohtomo in works by Minoru Miki; Jan 25
● Yomiuri Nippon Symphony Orchestra: conducted by Gerd Albrecht in works by Beethoven; Jan 23, 29

TURIN

EXHIBITION
Biblioteca Reale
Tel: 39-01-545303
Leonardo drawings: 12 works from the library's collection, on display in their new air-conditioned and fireproof home. Includes preparatory sketches for 'The Virgin of the Rocks' and nude studies. Advance booking necessary; to Jan 31

UTAH

FESTIVAL
Sundance Film Festival
Tel: 1-801-521 2525
Sundance Film Festival: the influential showcase for independent cinema makes its annual appearance with an array of films from around the world. Screenings take place in Park City, Salt Lake City, Ogden and Sundance itself; to Jan 31

VALENCIA

CONCERTS
Palau de la Música
● Cleveland Orchestra: conducted by Christoph von Dohnányi in works by Beethoven and Stravinsky, with violin soloist Frank Peter Zimmermann; Jan 28
● San Francisco Symphony Orchestra: conducted by Michael Tilson Thomas in works by Bernstein and Mahler; Jan 26

WASHINGTON

Weekend Investor

Wall Street

Baby boomers who face going bust

John Authers finds the president and his Federal Reserve chairman at odds

Wall Street long ago entrusted its faith to the baby boom generation. Its members are now entering their sixth decade and their children are graduating from university, leaving them with money to save for the first time. Now - so the argument goes - they will rush to entrust it to the stock market to fund retirement.

But working out exactly how to provide for the boomers when they start to retire is a divisive issue. This week, it led to a rare public clash between two members of the select group who can realistically claim to be America's most powerful men - President Clinton and Alan Greenspan, the chairman of the Federal Reserve.

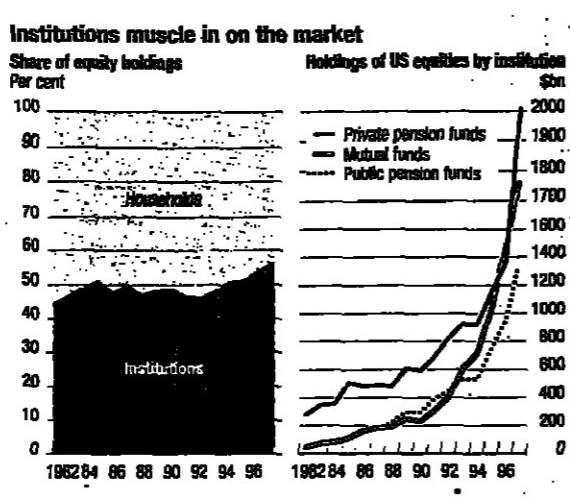
The issue is important. The future of the US equity market could hinge on how these policymakers finally decide to rescue social security for baby boomers.

The boomers underlie many optimistic predictions. The prevailing view is that their heavy investing, with no option but to put money into relatively risky stocks if they want to have a decent war chest on retirement, will give the market long-term support.

These demographics lie behind the growth in mutual funds over the past few years - and, as the chart shows, mutual funds are taking an ever larger share of the equity market.

But there are problems. One is that the boomers have not yet started saving as the theory suggests they should. Judging by aggregate data, rather more of them have been leveraging themselves up to the hilt. In 1997, Americans saved only 3.8 per cent of their disposable personal income, the lowest level in more than half a century.

Moreover, the impressive rise in institutional holdings in the stock market has been accompanied by a sharp reduction in holdings by households. From 1993 to 1997 - according to William Sterling and Stephen Waite, of Credit Suisse Asset Management, in their book *Boomerconomics* - US households invested \$81bn in equity mutual funds but sold \$1,000bn of their personal holdings.



And then there is the issue of America's pay-as-you-go (PAYG) social security system, which Sterling and Waite describe as a "pyramid scheme". Once the baby boomers have retired, they will probably live on for several decades. This will, in the end, unbalance PAYG, with those in work not paying anything like enough into the scheme to support the ageing boomers.

If this happens, the remedies would involve sharp tax increases, or more poverty, with economic contraction to follow. It would also, of course, mean net sales of both mutual funds and individual investments, throwing all the most glowing scenarios into reverse.

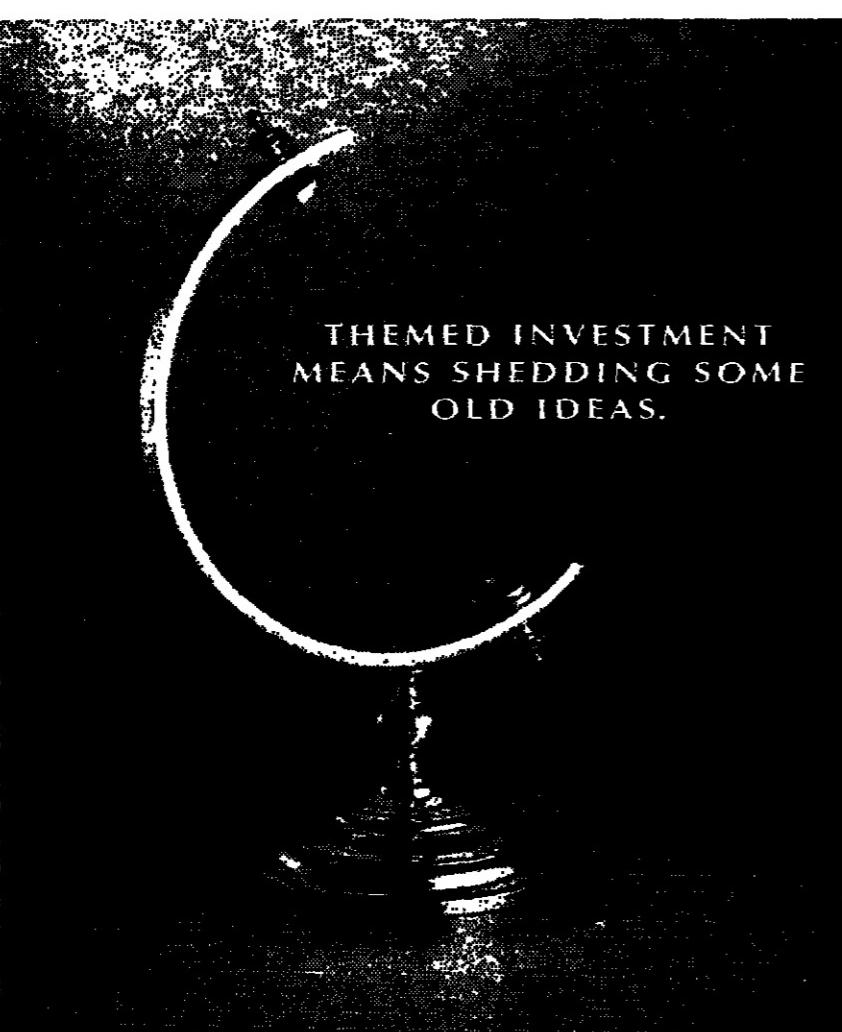
How will this be averted? Clinton, born in 1946 at the very beginning of the baby boom, made a strong case in his State of the Union speech for at least partial privatisation. He suggests that the vast projected federal government budget surplus of \$2,800bn over the next 15 years should be devoted to restoring the social security programme before it runs out of money.

Controversially, he said that about \$700bn should be invested in the stock market - equivalent to the sudden creation of a new investment manager with the buying power of Fidelity Investments, the world's biggest fund manager. His proposed version of the scheme would see the government investing in the market in the same way that companies' pension schemes do - by hiring large investment fund

Dow Jones Ind Average

Day	Monday	Tuesday	Wednesday	Thursday	Friday
Closed	9,355.22 +	9,335.91	9,335.91	9,264.08	7,183
Change	+14.67	-19.31	-71.83	-	-
Price	9,355.22	9,335.91	9,335.91	9,264.08	7,183

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PER ANNUM GROWTH*

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London

Shares - the final frontier

Philip Coggan undertakes a voyage of discovery

This is an extract from the voyages of the starship Bull Market and its 17-year mission to seek out new investors and rationalise, explore strange new sectors, and boldly go where no stock market has gone before.

Captain's Log - star date 22/1/99. My science officer comes to me with a disturbing report...

"I'm rather worried about the UK market, captain. Its behaviour does not seem logical."

"What's the problem, Mr Stock?"

"This week, captain, the historic price-earnings ratio on the UK market, as measured by the Non-Financials index, reached its highest ever level of 24.2."

"That might suggest that the outlook for corporate earnings is very good. But instead, thanks to the gloomy prospects for the UK economy, few strategists

think that earnings will rise much this year and some think they could fall."

"To be fair," I replied, "the FTSE 100 did wobble yesterday on emerging market worries. But what are the alternatives for investors, Stock? Think of shares as the Federation, bonds as the Klingons and cash as the Romulans. The last two appear particularly unattractive at the moment."

"Bond yields are at their lowest level for about 40 years and cash offers just 6 per cent, a figure that is likely to fall throughout the year."

I signalled to my attractive communications officer, "Allura, bring the graph up on screen."

A pattern of wavy lines appeared (see below). "This information came from Starship command. It shows how yields have fallen everywhere as inflation has declined. If you flip the price-earnings ratio on the

market, you get the earnings yield, and that has tracked the other two down. The high valuation of the market is perfectly explicable."

My train of thought was broken by a rather shaky Scottish accent.

"Captain, I have to speak to you." It was the chief engineer, Mr Celt, talking over the intercom.

"It's the engine room of the market. It feels like it's breaking up. The pharmaceuticals and telecoms stocks are going at warp speed - they are on price-earnings ratios of over 50 - while the 250 and small-cap stocks are on ratings only in the mid-teens. It's like mixing matter and antimatter."

The crew was getting jumpy, but I replied: "Don't worry, Celt. It all makes sense. The low rating given the medium-sized and smaller stocks shows investors have absorbed the bad economic news that Stock



We would have had an explanation for the market's gyrations

was talking about. But the telecoms and pharmaceuticals stocks offer growth, and that's more precious than a phaser in a roomful of Klingons."

Stock retorted: "Fascinating, Jim, but still illogical. What the engineer said chimes in with my research into internet companies. Some of these shares are travelling faster than light. One, called On-line, was up more than twentyfold in just two weeks by Wednesday and another, Zergo, has trebled since the start of the year. Yet I've run my tricorder over the sector's accounts and it reveals very little in the way of profits and not that much in terms of sales. This must be a new form of energy."

Once again, Stock was being too Vulcan about the whole thing. "Don't use your reason, use your emotion, Stock," I said. "That's the only way to understand the market. We are about to enter the 21st century and considerations such as earnings, dividends, profits and assets have no place any more. There's a whole universe out there and we need to be thinking supernovas, not black holes."

I clicked on the intercom. "Engineering, Mr Celt?" "Captain, thank goodness you called. I cannot hold her. The dithylithium crystals are..."

"Never mind that," I broke in. "I want you to get to the transporter room straight away and beam up a small investor from the nearest planet. Mr Stock needs a lesson in empathy."

Philip.coggan@j.com

■ Highlights of the week

	Price y/day	Change on week	52 week High	52 week Low	
FTSE 100 Index	5,681.2	-79.8	6,175.0	4,648.7	South American parrotiness
Aldays	625	-1104	826	516	Dissipating figures
British Aerospace	416.4	-951	597	300	Price of Marconi deal
British Amer Tobacco	603	-631	680	323.4	Litigation worries
British Homes	97.6	-14.2	400	88.6	Off price concerns
Cott Telecom	114.0	+7.0	132.2	204.0	Brought up with Vodafone
GT Universal Stores	737.6	+53.6	816	530	Reassuring trading update
JBA Holdings	65.1	+15.6	125.7	50	Takeover hopes
British Amer Tobacco	603	-631	680	323.4	Off price concerns
Monument Oil & Gas	33.4	-3.4	78	22.8	Internet spin-off
NFC	130	+23.6	203	90.2	Internet fever
Polaris	802.12	+19.76	850	204	Broker recommendations
Reuters Group	285.4	+6.6	308	412	Hong Kong has died
Stepcoach	242.6	+20.6	285.4	150	Profit-taking on trading update
Tesco	172	-23.1	208	150	Airtaco bid
Vodafone	1,125.1	+57	1,254	296	-

Barry Riley

A case of gilt starvation

That's why UK bonds head the world league table

Here is another financial market phenomenon that nobody foreseen: UK government long-dated bonds have moved to the top of the global league table.

UK gilts have made mincemeat of US Treasury bonds in the past few months so that, even for shorter 10-year bonds, the yield gap (or spread) has moved since October from 0.6 percentage points (60 basis points) in hood market terminology higher on gilts to 50 basis points lower. Such a premium rating for gilts has scarcely ever been seen in recent history (except for a year or two in the early 1980s when US interest rates were freakishly high). As for 30-year bonds, the spread is more like 90 basis points, with the yield on the 2026 gilt down to 4.2 per cent. The last time gilt yields were this low was in the 1950s.

The 30-year gilt is more highly rated than similar eurozone bonds. The 30-year German bond, for instance, yields more like 4.6 per cent. True, 10-year gilts are still rated lower than bonds, but this is because short-term interest rates in the UK remain 3 percentage points higher than on the Continent and this has to be reflected in the 10-year yield. The implication, though, is that the UK will not have to suffer higher short-term rates for very long.

We can thank the famously "prudent" chancellor of the exchequer, Gordon Brown, for this improved status. After all, when he first ascended the stairs

of the Treasury some 20 months ago, gilts yielded over 50 basis points more than Treasuries and 170 basis points more than bonds. Since then, long gilt yields have tumbled and the price of War Loan has risen by 74 per cent.

Remember that Brown immediately handed over political control of short-term interest rates to a Bank of England committee. And he tightened tax policy to the extent that, whatever you might have read in the Labour party manifesto, income tax receipts rose by 23 per cent in 1998. The budget is heading for a surplus of perhaps £10bn for the financial year ending in March.

This prudence has a cost, of course. According to yesterday's official statistics, the UK economy slowed to a crawl in the final quarter of 1998 although escaping an actual recession. Real household disposable incomes scarcely rose last year: no wonder the poor British consumer found it so hard to afford Marks & Spencer's prices at Christmas. Bond investors just love this kind of Scroogery. But voters tend not to put up with it for long, which is why chancellors somehow find a way to loosen their purse strings later in a parliamentary term.

Meanwhile, the relative fall in the status of US government paper is perhaps not so surprising. Americans are out on a spending binge; and although everybody is feeling rich because of capital gains on Wall Street (including the government, which receives the capital gains taxes), the

trends look unsustainable. The trade gap, for instance, hit a record \$15.5bn in November. Moreover, with Latin America in disarray, the dollar has been looking a little fragile - and you would not want to be a big owner of Treasury bonds if you thought the US dollar was going to fall.

But would you back the UK as a safe haven for your long-term money against Germany, too? That is harder to understand although perhaps the euro will become unstable as the regional pressures within the euro-zone begin to become more apparent. Also, some say that the demographic pressures will destroy continental budgets during the year ahead. Even this year, Germany, with its economy slowing sharply, is going to be a hard push to meet the post-Maastricht deficit targets that are supposedly to be enforced through the Stability Pact.

There is, however, an entirely different explanation for the surprising pre-eminence of UK government bonds. Suddenly, gilts become rather like Mark Twain's real estate investments: they ain't makin' them any more. This financial year, the aggregate of gilts in issue (about £290bn) could shrink by £20bn.

There is real gilt starvation out there. Pension funds are apprehensive about the Minimum Funding Requirement - a new official investment benchmark, containing a large gilt-edged element, which they must match or beat. Moreover, certain life assurance companies

have woken up to the fact that, some years ago, they gave annuity guarantees to millions of people with personal pension plans. The lower that long-dated gilt yields fall, the more expensive it becomes to match those liabilities. The nasty squeeze is affecting everybody with personal pensions as they approach retirement and discover that annuity rates are shockingly low.

Gordon Brown is becoming the Hugh Dalton of our times. Dalton's cheap money strategy in the immediate post-war years, when he was Labour chancellor, represented an attack on the value of savings. That was because he issued "Daltons" at 2½ per cent but inflation raced away at 6 per cent in later years.

Now, Brown is ruthlessly squeezing the pensions industry. He might well argue, however, that it is up to the private sector to issue the debt to match the investment needs of private sector pension schemes, and that the industry must learn to live on a meagre diet of gilts. That, after all, is a prudent way to run the public finances.

But it is written on the tombstones of prematurely-deceased bankers that good credits don't need any money whereas the big borrowers are the suspect ones. And this is not just a private sector problem. The Japanese government, with its budget turning into a black hole, will be borrowing at least £150bn a year for the next five years. There will certainly be no bond famine there; but it might not exactly be a feast for investors, either.

For an interactive guide to personal finance, visit <http://www.FTQuicken.co.uk>

FT WEEKEND

Counterblast

Four children and a tantrum

Large families are not all the rage, says Lucy Kellaway. And she should know

Over the past week or so all sorts of people have remarked on how fashionable I am. They were not talking about my M&S trousers nor the velvet scarf I was given for Christmas six years ago. What is fashionable about me, apparently, is the number of children I have: four.

Earlier this month Nicholas Coleridge, the managing director of Condé Nast (publisher of *Vogue*, *Tatler*, *Vanity Fair*) wrote an article in the *Daily Telegraph* congratulating himself on the birth of his latest baby. Not only does he now have four children, all his best friends from university have four too, and what a lovely, noisy crew they make.

This delightful coincidence has led Coleridge to conclude that the British middle classes are, like him and his set, having lots and lots of children.

His thesis is that when he was growing up everyone had two children because they feared the world was a dangerous place. But now that the world is safe from communism and the rich no longer pay tax at 98 per cent, at last everyone is going ahead and breeding with confidence.

As he warmed to his theme, he

found no end of advantages to having four children. Four is a self-sufficient team, and the perfect number for Monopoly. More important still, four increases the chance that one will be a genius who will support you in your old age, even if it also increases the chances that one of them will be a "rotten apple". (A joke? One hopes so.)

And then there are the Christmass cards to consider. How lovely to be able to add the names Alexander, Freddie, Sophie and Thomas after your own! And think of the photo album: it would seem so boring and sterile if there were only three attractive children in it. Or, as Coleridge put it: "The same few faces over and over again, posing like celebrities in Hello! against different backgrounds."

There are of course a few little problems in this paradise. Cole-

ridge owns that a big family can be expensive, unless, he says dismissively, you are "content to raise them in a no-frills, free school kind of way". It is also hard to get six seats in a row on an airliner. And then there is the car. What an embarrassment to drive a people carrier.

But hang on a minute. Are the British middle classes really having more children?

I phoned the Family Policy Studies Centre in London and it was the first they had heard of it. Maybe a very few of the very rich are having large numbers of children. But that was always so. Coleridge appears to have made the classic error of looking at the tiny sliver of the rich and most privileged to which he belongs and has taken them as typical of the middle class as a whole.

According to the FPSC, if some people are having large

families it is to do with the fact that so many marriages break up. Women have one family with their first partner and another with the next.

There are other reasons why

people may end up with big families – as I know from experience closer to home. We may live in an age of bewildering contraceptive choice, but the wretched little devices do not always work in the way that you expect them to.

There are good things about having lots of children, and there are bad things too, but they have nothing to do with cars or aircraft seats. For a start most people with big families do not go on flights at all if they can help it. Not only is it cripplingly expensive, but I would rather stay at home than face the journey to and from Heathrow with the buggies, the travel costs and all the rest of the kit.

As far as cars go, I don't see why Coleridge makes such a fuss about his "embarrassing" Toyota Land Cruiser. Children do not take up much room; it is perfectly possible to wedge everyone into a Ford Escort.

(My son did inadvertently knock out one of my daughter's front teeth in the back of the car the other day, which was possibly because they were too squashed, but I suspect it could equally have happened in the

smartest of people carriers). The main pros and cons of having four children are to do with attention. In small families the children get a lot of parental attention, perhaps too much. In big families they get little, perhaps too little. I can think of lots of good families, some big, some small. The ones I like least are not the small ones, but the snug ones.

I have no doubt that four children look brilliant in the Coleridges' photo album. As for my own photo album, I can only be glad at all the things the camera has not recorded. It does not see the tired tantrums before bedtime (many of which are thrown by me) nor is there any photographic evidence of the youngest going to bed fully clothed when the prospect of bathing him and getting him into his pyjamas seemed too much to bear.

In fact, now that I come to think of it, my photo album has no record of a fourth child at all. The real thing about having child number four is that you may just about be able to load the film into the camera, and may eventually get round to taking it to the chemist to be developed, but sticking pictures into an album is one chore too many.

attracts top lecturers to apply for the Gresham professorships, which carry an annual honorarium of £4,000 and an obligation to deliver six lectures a year.

It offers a test of professorial skill, with no opportunity to shelter behind technical wizardry.

Among the high profile professors, Roger Penrose, a former Rouse Ball professor of mathematics at Oxford, was signed up as Gresham's geometry don, while Susan Greenfield, recently installed as director of the Royal Institution, is halfway through her stint as professor of physics.

With such famous lecturers on their doorstep talking about things that matter to them in their everyday lives rather than things they need to know to pass exams, merchants and bankers and lawyers are turning up at Gresham, and the little college is quickly outgrowing its comely but cramped buildings.

It raises the question, where next for Gresham College?

Hennessy is happy as it is. But Pillingar, the astronomer, thinks Gresham should reach for the stars, broadening its horizon by using the latest technology to capture not only newcomers, who often have to be turned away because of lack of space, but all-comers.

As an Open University professor, he likes the idea of a "university of the world, where anyone can just walk in without having to pay fees".

This would recapture Gresham's early idealism to reach out to those people outside the ivory towers of Oxford and Cambridge.

Andreas Prindl, the college's US-born provost, and a former chairman of Nomura Bank International, is keen to develop Gresham's sense of collegiality without compromising its unique identity.

As he says: "Gresham has no students, no feuding dons and no crumbling buildings."

This makes it different, and gives it the kind of advantage that even All Souls in Oxford, its closest cousin, does not enjoy. But Gresham is looking to the long-term, appointing full fellows, rather than just professors on three-year contracts, commissioning academic research and publishing lectures on the internet.

Quite where this will all lead is hard to say.

But there can be no doubt that, after 400 years, Gresham College, the "Renaissance jewel", is going through a mini-renaissance of its own.

practices so appealing is that she manages to make it sound sensible, more enjoyable than mystical. The belief that the earth is endangered by an over-emphasis on male technology and power games is not necessarily that of a crank, and the Fellowship of Isis does not confine itself to calling on the goddess for help.

"We founded the Order of Tara, an order of chivalry for environmentalism, because we felt we ought to be doing something active for the world," Olivia said. "The order was involved in a campaign to stop John Major putting a motorway through Oxley's Wood, a centuries-old wood in England. We had great fun dressing up as witches and so on."

This good-humoured pragmatism has an underlying seriousness; Olivia says the fellowship offers the world: "Our society is sick because of an over-emphasis on patriarchy and duality, good and evil. We never see anyone or anything as all good, or all evil. If we see someone possessed, we try to help them overcome."

And so I left, followed by the blessing of Isis.

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Metropolis

Lifelong learning – if you can find it

London's Gresham College has seen a mini-renaissance, says Simon Tarrant

It is not easy to find Gresham College. A small blue sign with a grasshopper motif hangs above the archway between the Midland Bank and Hackett, the gentlemen's outfitters – and this is the largest hint along Holborn that one of England's most distinguished academies stands behind the shopfronts and the bustle of begowned barristers walking to and from their chambers.

Yet more and more people are finding their way to the little-known 16th century college – founded as a rival to Oxford and Cambridge and once hailed as "England's third university" – to bone up on the finer points of astronomy, rhetoric, physic, divinity and geometry.

Already, in this academic year, smart city lawyers, pin-striped business executives and scruffy university students have crammed into the timber-beamed Tudor hall to hear lectures on "cosmic dust", "mathematics: truth, beauty and depth", "the brain of the past", and "what is the use of Jesus?"

It is a remarkable turnaround for Gresham. Only 10 years ago, the college had no fixed abode, and distinguished professors, holding chairs once graced by such luminaries as Sir Christopher Wren and Robert Hooke, were forced to give lectures in hastily arranged locations – mainly draughty church halls.

Inevitably, these lectures were poorly attended, and Gresham's future looked bleak.

It was rescued in 1991 when it transferred to Barnard's Inn Hall, controlled by the Mercers' Com-

pany, which oversees the financial affairs of the college.

This architectural gem, which survived the Great Fire of London and the blitz, was a fitting place for a college conceived before the Spanish launched their Armada on Queen Elizabeth's England.

Its origins lie in the will of Sir Thomas Gresham, the mercer and financier who founded the Royal Exchange and gave his name to the law which holds that "bad money drives out good".

On his deathbed in 1579, he bequeathed his grand quadranged mansion in Bishopsgate, together with the revenues from the Royal Exchange, for the purpose of establishing a college in the City of London.

From the outset, Gresham lured some brilliant minds from Oxford, including Henry Briggs, the pioneer of logarithms.

They came because the life was good; Gresham professors earned £50 a year, which was more than revered regius professors at the two medieval universities.

They came also because the ethos and the education were very different.

Unlike Oxford and Cambridge, where religion ruled and scholarly pedants descended on the works of the ancients, Gresham promoted "new learning".

Astronomy might sound antiquated, but the Gresham chair was the first in England, and the professors, appointed by businessmen, highlighted its practical value for City merchants exploring new trade routes to India and the Orient.

To this end, lectures were free,

in English and not just Latin, and therefore open to everyone. Gresham was the Open University of the 16th century," says Colin Pillinger, the present Gresham professor of astronomy.

The diarist Samuel Pepys and John Evelyn as well as the poet John Dryden were among the gentlemen of intellectual curiosity who passed through the lecture halls of Gresham. Its high point was the mid-17th century, when a group of Greshamists founded the Royal Society, today the country's foremost scientific institution.

Now, however, the Bishopsgate

mansion lies buried beneath the NatWest Tower, while a second building, along Gresham Street, established in the 1840s, was abandoned in the 1990s.

But if Gresham as an institution has struggled to survive into this century, Gresham as an idea has stood the test of time.

"Lifelong learning" is the ungainly jargon phrase which trips off the tongue of today's educationists and politicians, yet this is exactly what Gresham has been offering for the second half of the millennium.

Peter Hennessy, the distinguished Whithall watcher and

former Gresham professor, calls the college "a Renaissance jewel in the City of London".

It is easy to see why. The chance of becoming a "renaissance man" – with a breadth of knowledge suggesting experience far beyond the office walls – is within easy reach of workers in the square mile.

And, just as Pepys wandered along to Bishopsgate, so the great and the good stop by for a feast of intellectual stimulation.

Lord Beloff, a former Gladstone professor of government at Oxford, recently sat alongside Russian emigres to hear Geoffrey

Hosking, a one-time BBC Reith lecturer, talk about patronage and the Mafia in the post-Soviet era.

When Hennessy arrived at the lecture to tell the story of the Labour government of the mid-1980s, he found himself addressing an audience which included two of the "history makers" who featured in his lecture: Sir Derek Mitchell, principal private secretary to Harold Wilson, and Lord Bancroft, private secretary to the chancellor of the exchequer.

This kind of audience, a cut or two above the average assembly of note-taking undergraduates,

practices so appealing is that she manages to make it sound sensible, more enjoyable than mystical. The belief that the earth is endangered by an over-emphasis on male technology and power games is not necessarily that of a crank, and the Fellowship of Isis does not confine itself to calling on the goddess for help.

"We founded the Order of Tara, an order of chivalry for environmentalism, because we felt we ought to be doing something active for the world," Olivia said. "The order was involved in a campaign to stop John Major putting a motorway through Oxley's Wood, a centuries-old wood in England. We had great fun dressing up as witches and so on."

This good-humoured pragmatism has an underlying seriousness; Olivia says the fellowship offers the world: "Our society is sick because of an over-emphasis on patriarchy and duality, good and evil. We never see anyone or anything as all good, or all evil. If we see someone possessed, we try to help them overcome."

And so I left, followed by the blessing of Isis.

Arcadia

Under a spell in Wexford

Sophia Greene visits the Temple of Isis, centre of goddess worship, deep in the Irish countryside

The blessing of Isis be on you," called Olivia Durdin-Robertson as I left the stable yard of her 17th century home, the centre for goddess worship.

In 1952, Lawrence Durdin-Robertson, then owner of Huntington Castle and a clergyman in the Church of Ireland, had a mystical experience, through which the feminine aspect of the Deity was revealed to him. With his wife Pamela and his sister Olivia, who had had a similar experience, he was eventually inspired to set up a religion, the Fellowship of Isis, dedicated to the worship of goddesses of all kinds.

Their home, a former garrison which has been in their family for more than 300 years, has since become the world centre for this religion, with nearly 15,000 followers in 92 countries.

Lawrence and Pamela have "left this world for the Spirit Sphere", and Olivia is high priestess of the fellowship. A small woman, with long, iron-grey hair and a charming smile, she radiates energy. She gives the impression of being a spry 50-year-old, but is, in fact, 51.

"My brother's revelation very specifically took the form of the feminine aspects of the Deity: mine was more visionary – I saw beings of light," she said. "They were horrible to older people mostly,

but they loved us. I became a swami: that's what they were called then. Now, apparently, they are called shamans."

The fellowship is open to all, although at first, when they were running the Huntington Castle Centre for Meditation and Study, we mostly had Protestants and gentry." According to its handbook: "The fellowship accepts religious toleration, and is not exclusivist. Members are free to maintain other religious allegiances." Few churches are so tolerant.

However, it is not easy to find the place where the worship of Isis is centred. Driving along the winding country roads, through a thick mist that had surrounded me when I turned off the main road, I wondered if it were some manifestation of the goddess, warning off the profane.

Finally, I reached Clonegal, and found the unsign-posted alleyway that leads to the entrance to Huntington Castle. The mist lifted as I drove up the lime avenue, revealing the

the creative possibilities of cement and added romantic castellations along the top of the building. The Victorian sash windows in the main block have fake glazing bars, which are now falling off. These were added to make them look more "old-world" for Stanley Kubrick's film *Barry Lyndon*, which was

made here in the mid-1970s. Inside, most of the house is filled with the impedimenta of centuries of collection by the family.

Bernard Shaw said we either go horsey or artsy: my brother and I definitely went artsy, but the rest of our family went horsey," said Olivia. Although there is ample evidence of the "horseyness" of the Durdin-Robertsons (I particularly liked the pincushion and trinket-box made from the hooves of favourite horses, killed on the hunting field), the rest of the family was sufficiently artistic for the house to be full of beautiful things. From the 18th century tapestries lining the tapistry room to the lovely wood carvings by the present owner, Olivia's nephew David, wherever the eye falls, there is something worth looking at.

The castle on its own would be worth the modest entrance fee, but the visit includes entrance to the basement, the Temple of Isis.

The descending stairway is guarded by Egyptian applique pictures of Isis herself. The basement is divided by pillars, which were erected after an earlier Durdin-Robertson put up a wall on the storey above, without checking if the floor could take the strain.

This made it easy to divide the space into small altars. There is one for each sign of the zodiac, with appropriate references to the goddess. Leo, for example, has a statue of the Egyptian cat-goddess Bast. Other altars include one devoted to clairvoyancy, with a crystal ball framed with the eyes from a peacock's tail; another to Native Americans, complete with painted buffalo skin; and one to healing.

The original dungeon, where Olivia and Lawrence played as children, has been converted into a shrine to motherhood. A red bulb lights the tiny cell, and on the wall hangs a terrifying witch mask. "I wrote that for one of our ceremonies," said Olivia.

What makes the high priestess's account of her beliefs and

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